

| CONFIDENTIAL |



Endless possibilities.™

Finance Committee Meeting

October 6, 2000

| Committee Members |

Mr. Herbert S. Winokur, Jr., Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. Ronnie C. Chan
Mr. Jerome J. Meyer
Mr. Paulo V. Ferraz Pereira
Mr. Frank Savage
Mr. John A. Urquhart

EC004402655

GOVERNMENT
EXHIBIT
210

Crim. No. H-04-25 (S-2)

Agenda

EC004402656

AGENDA
Meeting of the Finance Committee
of the Board of Directors of Enron Corp.

10:00 a.m. (E.D.T.), October 6, 2000
The Breakers, Flagler Boardroom
Palm Beach, Florida

		Page
10:25		
1. Approval of August 7, 2000 Finance Committee Minutes	Mr. Winokur	2
<i>- Meyer</i>		
2. Chief Financial Officer Report	Mr. Fastow	9
LJM 3		21
<hr/>		
Approve for Recommendation to the Board		
<hr/>		
3. Treasurer Report	Mr. Glisan	28
4. Chief Risk Officer Report	Mr. Buy	36
Quarterly Risk Update		37
- Credit Update		40
- Foreign Exchange Project Update		46
- EES Status Report		51
- Market Risk Update		61
5. Projects and Amendments		62
A) Revision to the Risk Management Policy	Mr. Buy	
- Approve for Recommendation to the Board		
B) Revision to the Transaction Approval Process	Mr. Buy	73
- Approve for Recommendation to the Board		
C) Equity Derivatives Authorization	Mr. Glisan	80
- Approve for Recommendation to the Board		
6. Other Business		85
7. Adjourn		86

EC004402657



See Addendum for Deal Approval Sheets approved between Board meetings

Finance Committee Meeting

EC004402658

Agenda Item 1

Enron Corp

Finance Committee Minutes October 6, 2000

EC004402659



DRAFT

**MINUTES
MEETING OF THE FINANCE COMMITTEE
OF THE BOARD OF DIRECTORS
ENRON CORP.
AUGUST 7, 2000**

Minutes of a meeting of the Finance Committee ("Committee") of the Board of Directors of Enron Corp. ("Company"), held pursuant to due notice at 3:00 p.m., C.D.T., on August 7, 2000 at the Enron Building in Houston, Texas.

All of the Committee members were present, either in person or by telephone conference connection, where each member could hear the comments of the other participants and join in the discussion, as follows:

Mr. Herbert S. Winokur, Jr., Chairman
Mr. Robert A. Belfer
Mr. Norman P. Blake, Jr.
Mr. Ronnie C. Chan
Mr. Jerome J. Meyer
Mr. Paulo V. Ferraz Pereira
Mr. Frank Savage
Mr. John A. Urquhart

Directors Wendy L. Gramm, Ken L. Harrison, Kenneth L. Lay, John Mendelsohn, and Jeffrey K. Skilling, Messrs. Richard B. Buy, Richard A. Causey, Andrew S. Fastow, Ben F. Glisan, Jr., David B. Gorte, Mark E. Koenig, Theodore R. Murphy, and Joseph W. Sutton, and Ms. Rebecca C. Carter, all of the Company or affiliates thereof, also attended the meeting. Directors Robert K. Jaedicke, Charles A. LeMaistre, and John Wakeham and Messrs. James M. Bannantine, Richard A. Lammers, and Brent R. Wiggs joined the meeting in progress as noted below.

The Chairman, Mr. Winokur, presided at the meeting, and the Secretary, Ms. Carter, recorded the proceedings.

Mr. Winokur called the meeting to order, noted that a draft of the minutes of the meeting of the Committee held on May 1, 2000 had been distributed to the Committee members, and called for any corrections or additions. There being none, upon motion duly made by Mr. Meyer,

EC004402660



Finance Committee Meeting

seconded by Mr. Belfer, and carried, the minutes of the meeting of the Committee held on May 1, 2000 were approved as distributed.

Mr. Winokur called upon Mr. Fastow to present the Chief Financial Officer's report, a copy of which is filed with the records of the meeting. Mr. Fastow discussed the Company's current and projected key financial ratios and stated that the ratios were based on the current plan. He noted that certain projected ratios deviated from commitments made to the rating agencies earlier in the year and he discussed the reasons for the deviations. He reviewed the stock trading portfolio and he stated that the all of the positions had been closed by the end of the previous week. He discussed the Company's exposure to changes in interest rates, presented a chart depicting the Company's interest rate sensitive items, and noted the dollar amounts at fixed and at floating interest rates. He commented on the Company's cost of capital and he stated that the Company was still reviewing the equity component of the cost of capital calculation.

Directors Jaedicke and LeMaistre joined the meeting following Mr. Fastow's presentation.

Mr. Fastow called upon Mr. Glisan for the Treasurer's report, a copy of which is filed with the records of the meeting. Mr. Glisan reviewed the liquidity report as of July 25, 2000 and noted that the Company's total liquidity was over \$7 billion. He reviewed year-to-date investments and proceeds on sales of assets and he stated that without additional action by the Company the year-end debt balances would be over the target levels. Messrs. Fastow and Skilling joined him in a discussion of the Company's capacity in the bank markets, the constraints facing the Company, and the projected cash flows from new businesses. Mr. Glisan then presented a schedule describing the vehicles the Company was utilizing to manage its balance sheet debt. He discussed Raptor I and Raptor II, previously approved by the Board, and noted that Raptor I was almost completely utilized and that Raptor II would not be available for utilization until later in the year. He noted that Project Whitewing still had available capacity but that the Company was proposing an additional Raptor structure, Raptor III, to increase available capacity. Following a discussion, upon motion duly made by Mr. Blake, seconded by Mr. Meyer, and carried, the Raptor III transaction was approved for recommendation to the Board.

Mr. Winokur called upon Mr. Buy to present the Chief Risk Officer's report, a copy of which is filed with the records of the meeting. Mr. Buy discussed the composition of the Company's merchant portfolio as of June 30, 2000 and any significant changes since the May Board meeting. He commented on the significant increase in the Company's credit exposure

EC004402661



Finance Committee Meeting

and he noted that it was primarily driven by increases in gas and power prices in North America and a decrease in power prices in Europe. He reviewed a detail of non-performing debt instruments and the Company's top 25 credit exposures. He stated that the Company was still working to reduce its over \$1 billion exposure to TXU Europe Energy Trading Ltd., a BBB+ rated company. He reviewed the top 10 countries where the Company had the largest trade credit exposure and he noted that the U.S., Canada, and the U.K. combined contributed over 96% of the Company's total trade credit exposure. He commented on the significant increase in the Company's credit reserve and he noted that it was caused by the considerable increase in prices and volumes marketed. He presented the Company's equity investment portfolio detailed by industry, geographic region, and performance measurements. He discussed the Company's equity investments that were performing below expectations and he stated that the assessments were made on a qualitative basis by comparing current expectations to original expectations and did not imply that the assets needed to be written-down. He noted that any write-downs taken on investments were shown on the troubled asset detail. Messrs. Skilling and Sutton joined him for a discussion of the international investments included in the troubled assets detail and a general discussion of Project Summer.

Mr. Buy then discussed the Company's ten top and bottom performing investments and commented on investments new to the list since the first quarter. He postponed the foreign exchange project update, included in the meeting materials, until a later meeting. He briefly discussed Project Doorstep, a review by the Company, with assistance from Arthur Andersen LLP, of the Company's remote offices to ensure the establishment and maintenance of the Company's global standards.

Mr. Buy then presented the Market Risk Update and discussed the returns each commodity group had earned compared to the Value-at-Risk ("VAR") it had taken. He noted that the Company's overall return on VAR was greater than any of the individual commodity groups' returns due to the benefits of diversification. He gave an overview of the VAR backtesting, stress testing, and the Company's exposure under "worst case" scenarios of 5% and 25% shifts in commodity prices. He reviewed limit violations during the second quarter of 2000, noted that the majority of the violations had occurred in the gas portfolio, and discussed the reasons for the violations.

Director Wakeham and Messrs. Bannantine, Lammers, and Wiggs joined the meeting.

EC004402662



Finance Committee Meeting

Mr. Buy then discussed proposed changes to the Enron Corp. Risk Management Policy ("the Policy"). He stated that the Company was recommending that the Policy be amended to increase the aggregate VAR limit by \$15 million. He noted that the Executive Committee of the Board had approved a temporary increase in the aggregate VAR limit at a meeting on June 1, 2000 with the recommendation that the increased VAR be submitted to the Board. He discussed how the additional VAR limits would be allocated to the commodity groups and he noted that there was not a corresponding increase in the volumetric limits. He then discussed certain proposed limit increases to existing commodity groups within the Policy, including Metals and Minerals, Continental Electricity, and Nordic Electricity, and certain revisions to the Policy recommended to better reflect current practice and to add clarity to roles and responsibilities. He stated that there was a proposal to increase the North American Electricity position and VAR limits if the Company was successful in its bidding for certain power purchase arrangements in Canada, as approved by the Executive Committee of the Board at the July 31, 2000 meeting. He then mentioned actions taken by the Company's management, under the Interim Trading Policy, since the May 2, 2000 Board meeting. Following a discussion, upon motion duly made by Mr. Urquhart, seconded by Mr. Belfer, and carried, the proposed revisions to the Policy were approved for recommendation to the Board.

Mr. Winokur left the meeting and with the Committee's permission Mr. Blake acted as Chairman and presided for the remainder of the meeting. Mr. Blake changed the order of the agenda to discuss Project Tammy during the executive session of the meeting.

Mr. Blake called upon Mr. Bannantine to present the proposed Enron South America ("ESA") transactions. Mr. Bannantine began his presentation, a copy of which is filed with the records of the meeting, by discussing how the proposed transactions would be impacted if Project Summer was completed. He then stated that ESA was proposing three transactions, including: 1) the RioGen Merchant Plant, 2) financing related to the Cuiabá Integrated Energy Project ("Cuiabá"), and 3) a buyout of Transredes' interest in Cuiabá. He began with the RioGen project and stated that ESA had the opportunity to build capacity in a power market that was short power. He stated that the RioGen project was to build, own, and operate a 355-megawatt skid mounted merchant power plant near Rio de Janeiro, Brazil. He noted that the transaction would be structured to minimize the downside risk while retaining significant upside potential. He noted that Petrobras, the national oil and gas company of Brazil, was willing to provide a minimum investment return guarantee in order to increase its sales of natural gas and to obtain a minimal participation in the

EC004402663



Finance Committee Meeting

upside of the power plant. He reviewed the Brazilian market fundamentals and he noted that ESA was projecting that an energy shortage would occur during the next three to five years thereby driving up the price of power. He presented an overview of the transaction structure and he stated that the project was structured to give the Company the maximum flexibility and upside potential while providing a guaranteed return on its investment. He noted that the plant would provide a full payback in five years even if it were not utilized. He discussed the assumptions that were used in the project analysis and the economics of the project. He stated that ESA was seeking approval for the remaining \$119 million of project costs, with final review and approval delegated to Messrs. Lay or Skilling after the completion of definitive documents, and the approval to utilize eight of the Company's LM6000 turbines. Following a discussion, upon motion duly made by Mr. Belfer, seconded by Mr. Savage, and carried, the proposals were approved for recommendation to the Board.

Mr. Bannantine then discussed the transaction related to the financing of the Cuiabá project. He stated that ESA was seeking approval for commitments required to support a \$365 million funding of limited recourse project financing provided by the Overseas Private Investment Corporation and Kreditanstalt für Wiederaufbau and to obtain approval for the Company to also provide Transredes' (a partner in the project) share of the support until Transredes' Cuiabá interest was sold to Shell Cuiabá Holdings Ltd. and Shell Gas (Latin America) B.V. (together with their affiliates, "Shell") or a combination of the Company and Shell. He updated the Committee on the status of the Cuiabá project and reviewed the details of the \$365 million in guarantees. He requested that the Committee approve the Company's share of the loan guarantee commitments and authorize the Company to provide up to \$46 million of loan guarantee commitments on behalf of Transredes. Following a discussion, upon motion duly made by Mr. Savage, seconded by Mr. Chan, and carried, the proposals were approved for recommendation to the Board.

Mr. Bannantine then discussed a proposal for the Company to participate on an equal basis with Shell in the purchase of Transredes' interest in Cuiabá. He stated that the Company desired to maintain a 50% or greater voting control of Cuiabá to protect the upside value associated with additional Cuiabá projects and he noted that purchasing the additional interest would allow the underlying investment to eventually be sold with a control premium in place. He reviewed the proposed deal structure and detailed the Company's current and proposed ownership in the individual Cuiabá assets. He presented an investment analysis, noted that the Company would be paying a control premium when compared to the analysis performed by the Company's Risk Assessment and Control group,

EC004402664



Finance Committee Meeting

and stated that if Project Summer were completed the additional Cuiabá investment would be treated as a purchase price adjustment. He requested that the Committee recommend to the Board that the authority to approve a capital expenditure of \$59.7 million to purchase 50% of Transredes' interest in the Cuiabá project be delegated to Messrs. Lay and Skilling. Following a discussion, upon motion duly made by Mr. Meyer, seconded by Mr. Ferraz, and carried, the proposal was approved for recommendation to the Board.

Mr. Blake called for an executive session at 4:50 p.m., C.D.T., to discuss Project Tammy and Messrs. Bannantine, Buy, Glisan, Gorte, Koenig, Lammers, Murphy, and Wiggs left the meeting.

~~Mr. Blake called upon Mr. Causey to present Project Tammy.~~ Mr. Causey stated that the Company was proposing the formation of a new company to serve as an intermediate financing vehicle for the Company. He noted that the new company, Enron Finance Partners, LLC ("EFP"), would be created to own certain of the Company's assets. He discussed how transactions would be conducted between the Company and EFP, EFP's plans to raise capital through third parties, and how the capital would be utilized. He stated that the proposal included the formation of EFP, the contribution of certain operating assets into EFP, the assumption by EFP of \$1.047 billion of the Company's intermediate and long-term debt, and the sale of \$500 million of preferred securities in EFP to outside investors. Following a discussion, upon motion duly made by Mr. Meyer, seconded by Mr. Belfer, and carried, the proposal was approved for recommendation to the Board.

There being no further business to come before the Committee, the meeting was adjourned at 5:00 p.m., C.D.T.

Secretary

APPROVED:

Chairman

H:\a Minutes\2000 Minutes\080700F.doc

EC004402665



Finance Committee Meeting

Agenda Item 2

EC004402666

Enron Corp

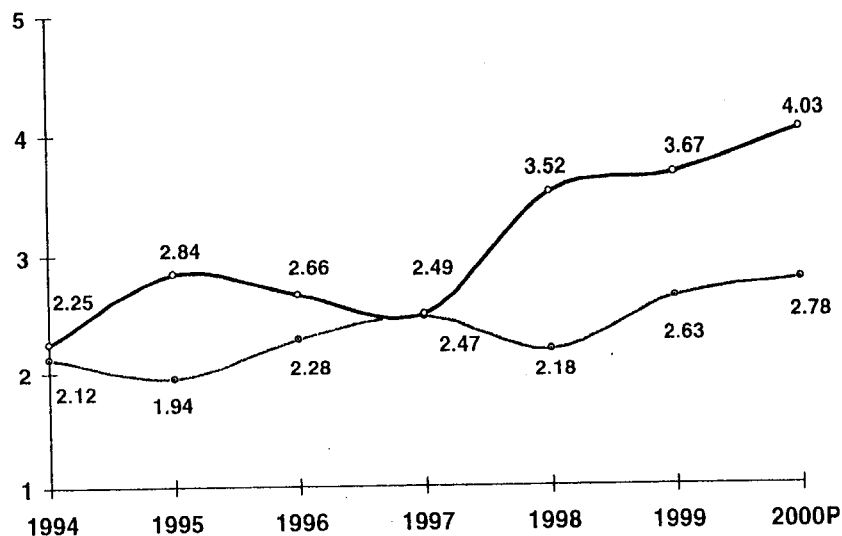
Chief Financial Officer Report

October 6, 2000

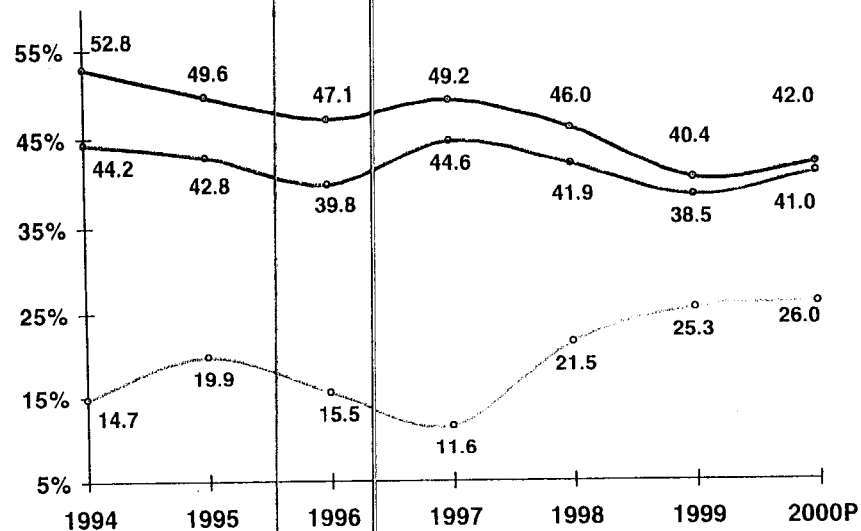
EC004402667






Targeted Key Financial Ratios



 Funds Flow Interest Coverage
 Interest Coverage



 Total Obligations/Total Capital
 Debt/ B/S Capital
 FFO/Total Obligation

EC004402668



Handwritten signature

Stock Trading Portfolio

Mark-to-Market Basis

Position - Thousands of Shares				
	<u>1/1/00</u>	<u>Purchases</u>	<u>Sales</u>	<u>9/20/00</u>
ENE	0	16,250	(16,250)	0

EGF Equity Position Limits

	<u>V@R</u>	<u>Notional Open</u>
Limit (\$MM)	\$10.00	\$300.00
Current Position (\$MM)	\$0	\$0

Notes:

- Position limits exclude ENA position, which is reflected in ENA equity book position report
- Includes 60% of JEDI if an open position

EC004402669



Finance Committee Meeting

Stock Purchase Activity Treasury Shares

1/1/00 - 9/20/00
(000's except share price)

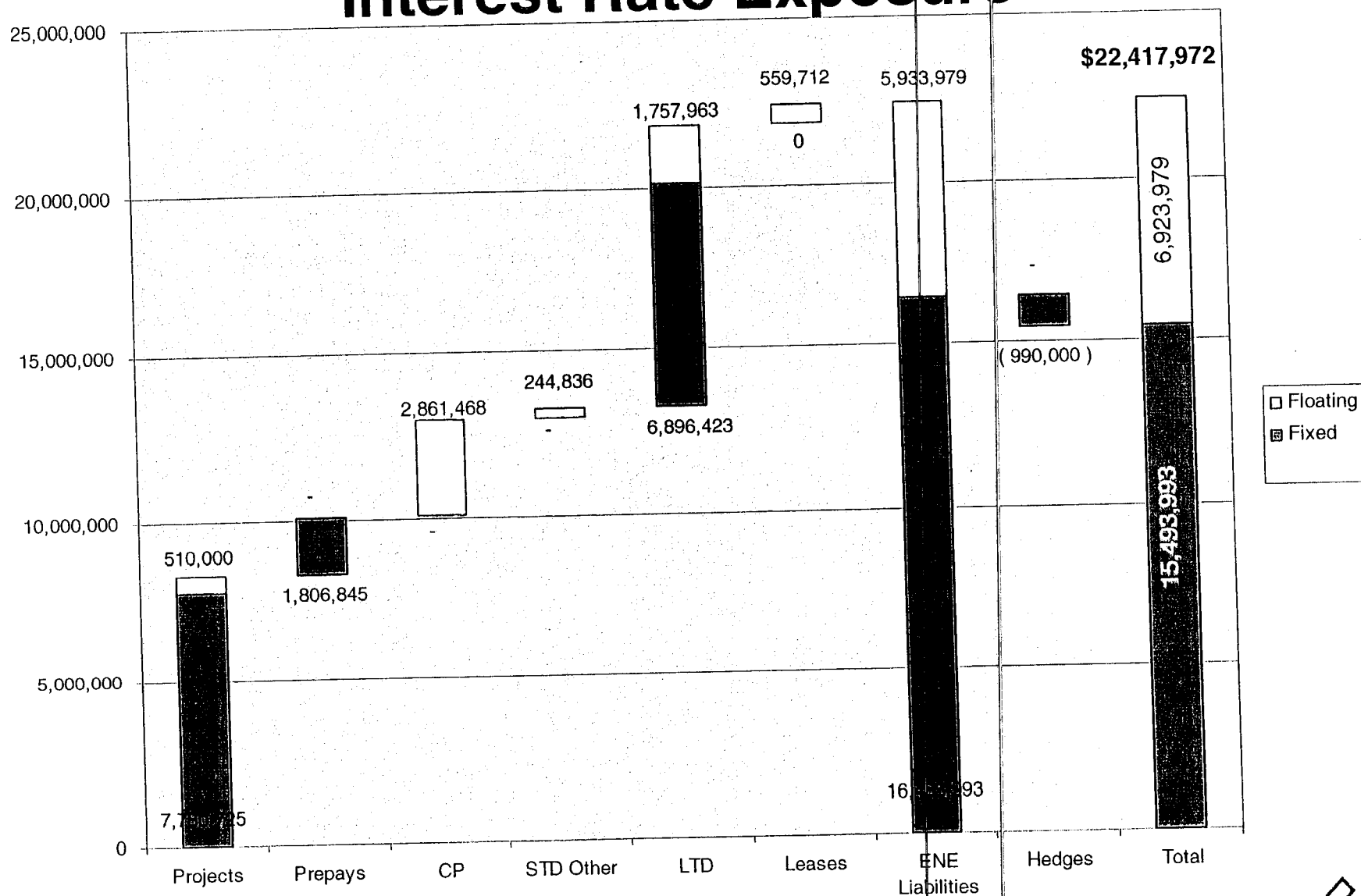
<u>Date</u>	<u>ENE Shares</u>	<u>Avg. Price</u>	<u>Amount</u>
Total	<u>0</u>	<u>-</u>	<u>0</u>

<u>Authorization¹</u>	<u>Activity</u>
15,000,000	-
<small>¹Subject to Jim Derrick's approval</small>	

EC004402670



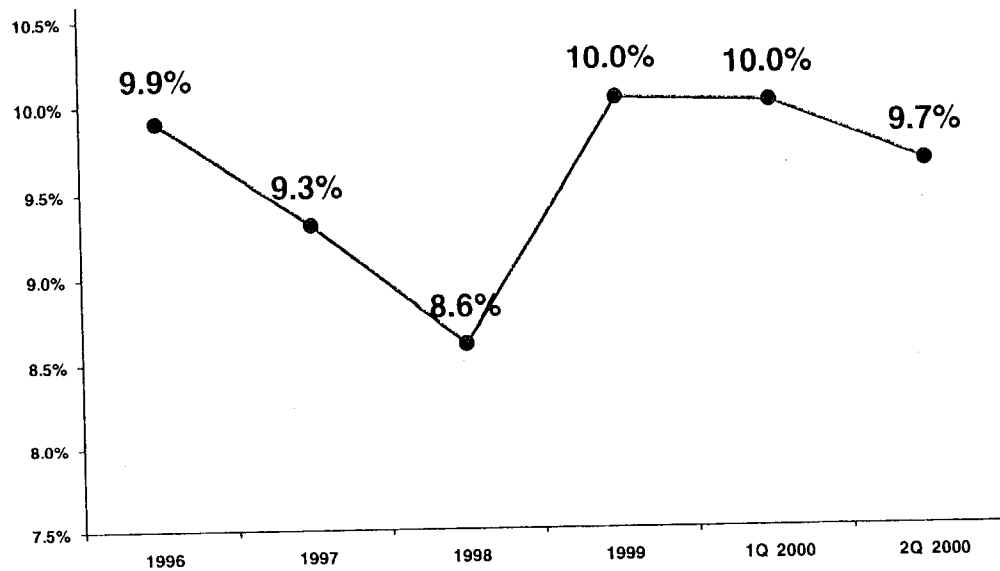
Interest Rate Exposure



Notes:

1. Current CP Balance of \$2.9B represents 41% of floating rate debt. Fix/floating mix ex-CP is 79/21
2. EGF goal of 80/20 fix/flt composition.

Cost of Capital*



* Calculated using historical CAPM Model

Cost of Capital

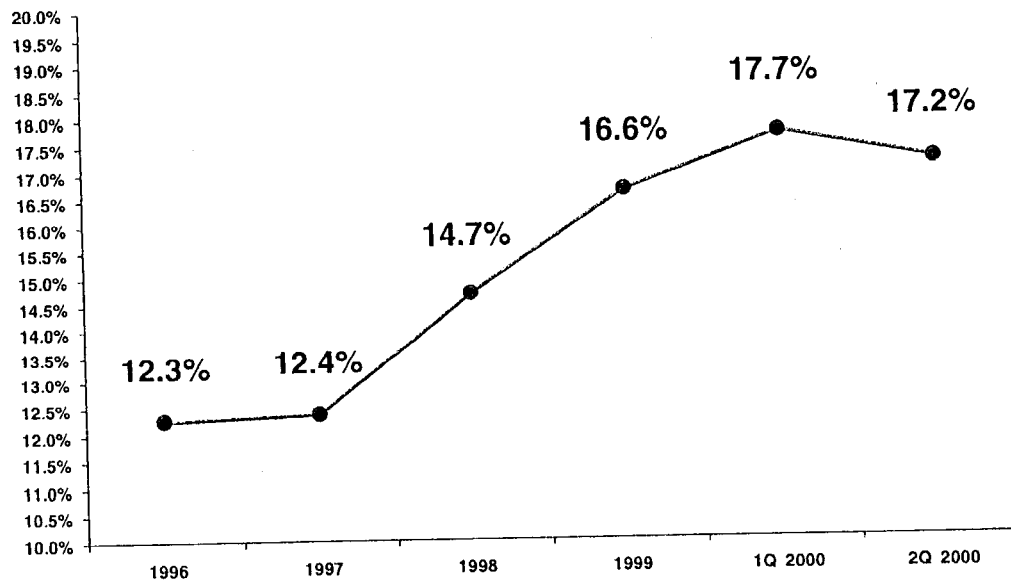
Components

	%	Change from last report
Debt (AT)	4.68	(0.50)
Equity	11.17	(0.21)
WACC	9.65	(0.30)
UST 30yr	5.90	(0.50)

Comment:

Despite the decrease in interest rates, The WACC remained steady because the weighting of the Equity component increased with the rise in the stock price.

Cost of Capital*



Cost of Capital

Components

	%
Debt (A/T)	4.68
Equity	21.00
WACC	17.17
UST 30yr	5.90

trad. analysis used to yr. regression for equity component
Market expecting higher ROIC

EC004402673

* Calculated using Current Estimate of Equity Cost

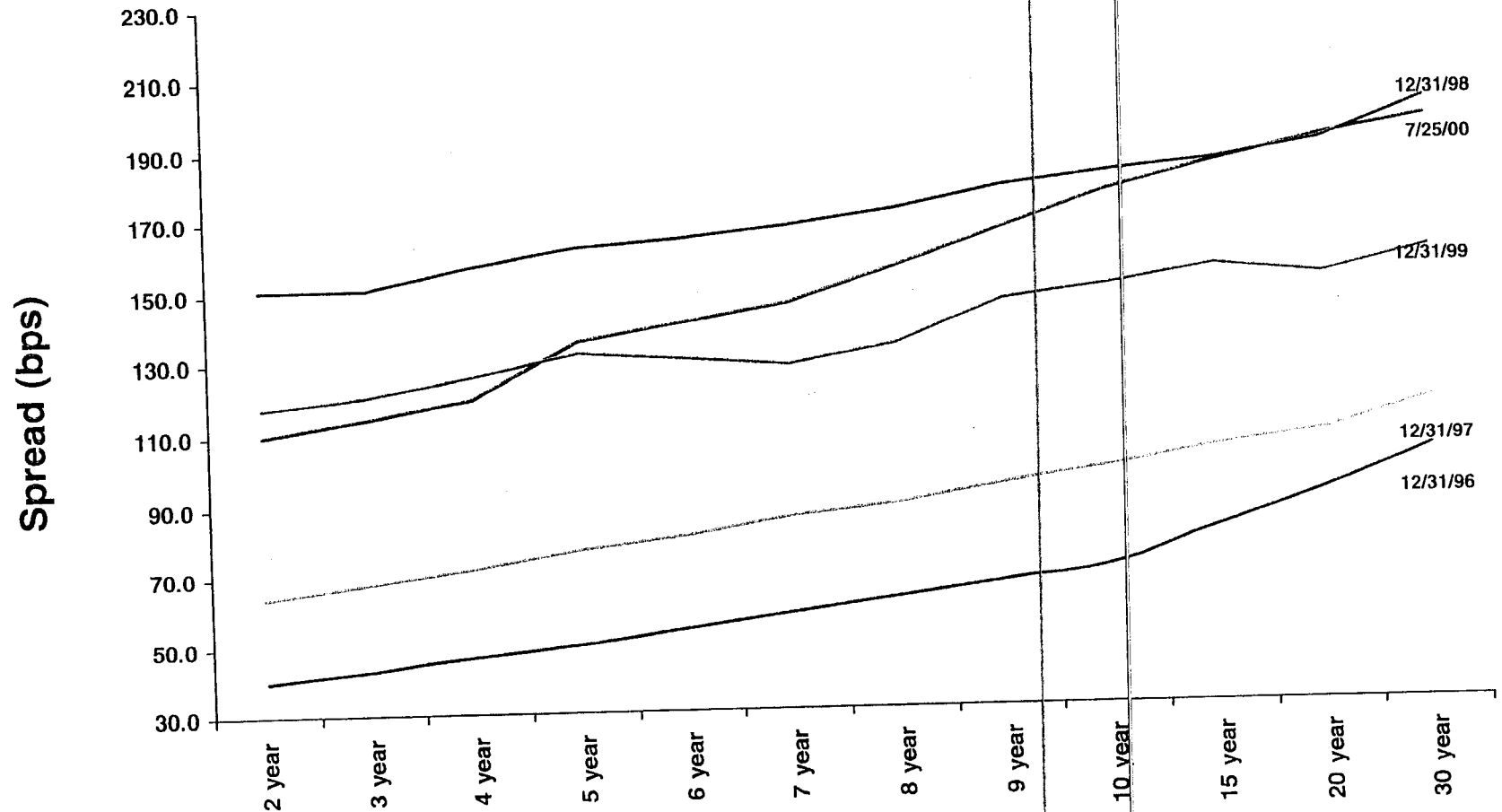
If expected ROIC in DASH process is less than 17.2% then
Syndicate loan or leverage needs to be done



Finance Committee Meeting

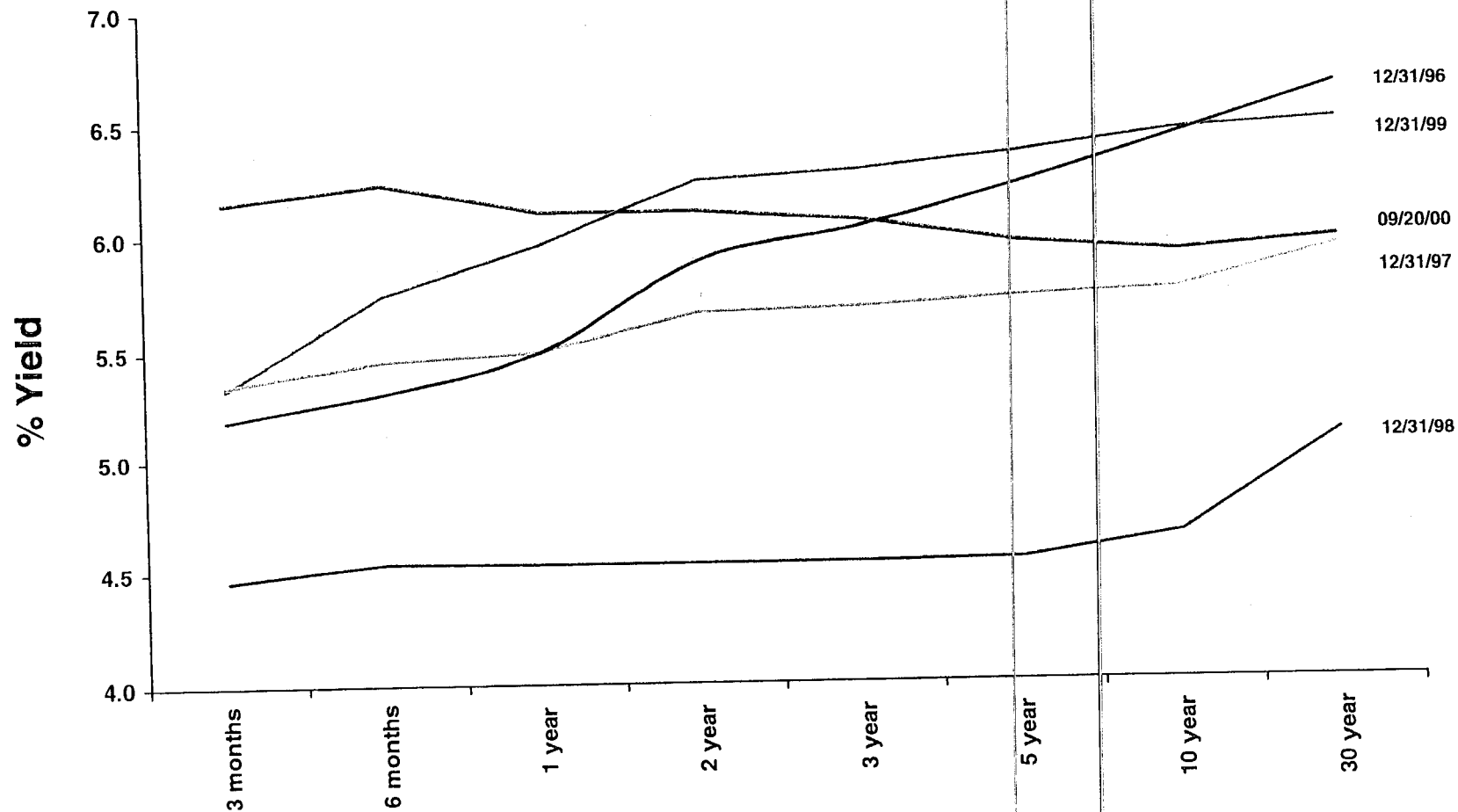
X.

Enron Corp. Re-Offer Spreads



EC004402674

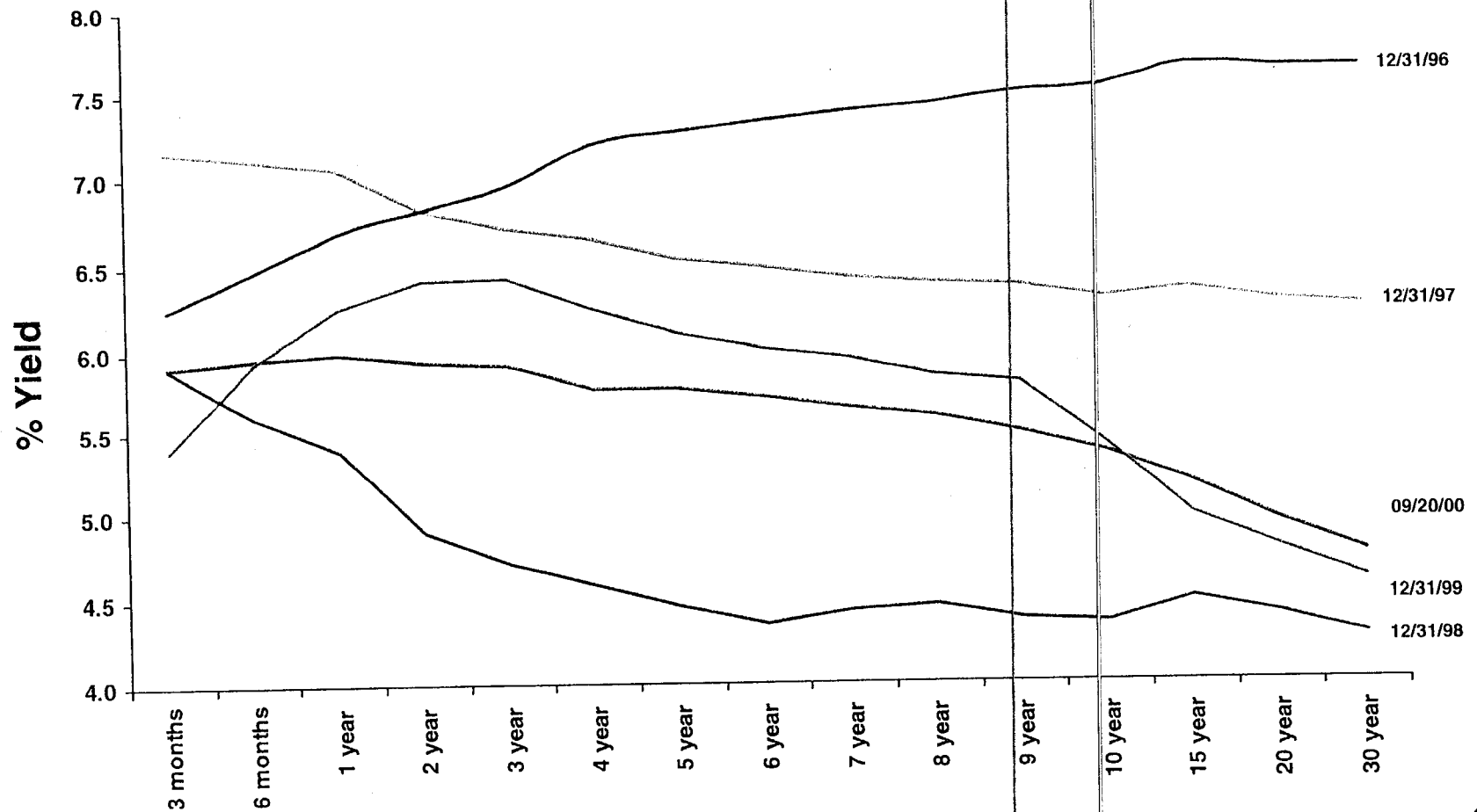
U.S. Treasury Yield Curve



EC004402675



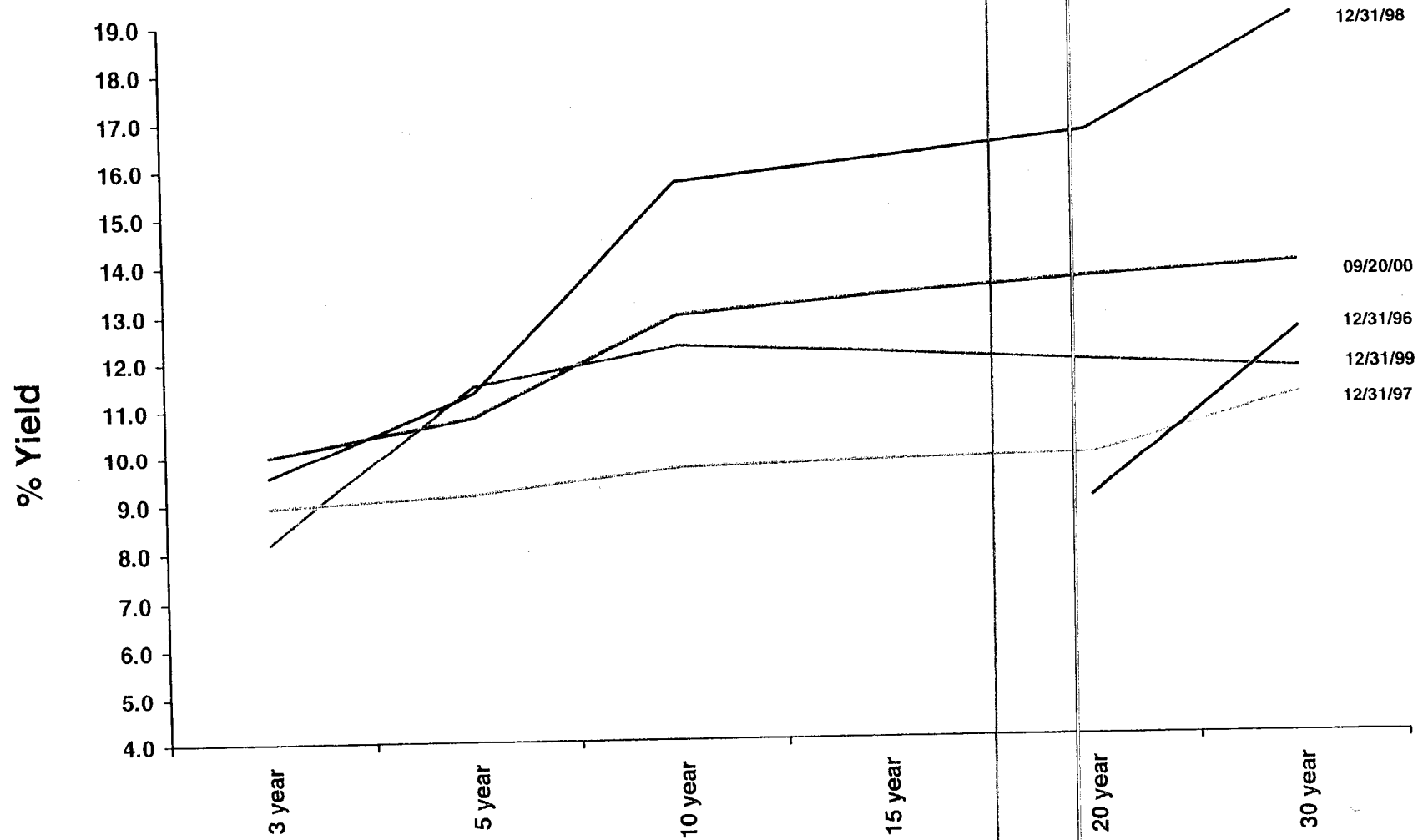
U.K. Yield Curve



EC004402676



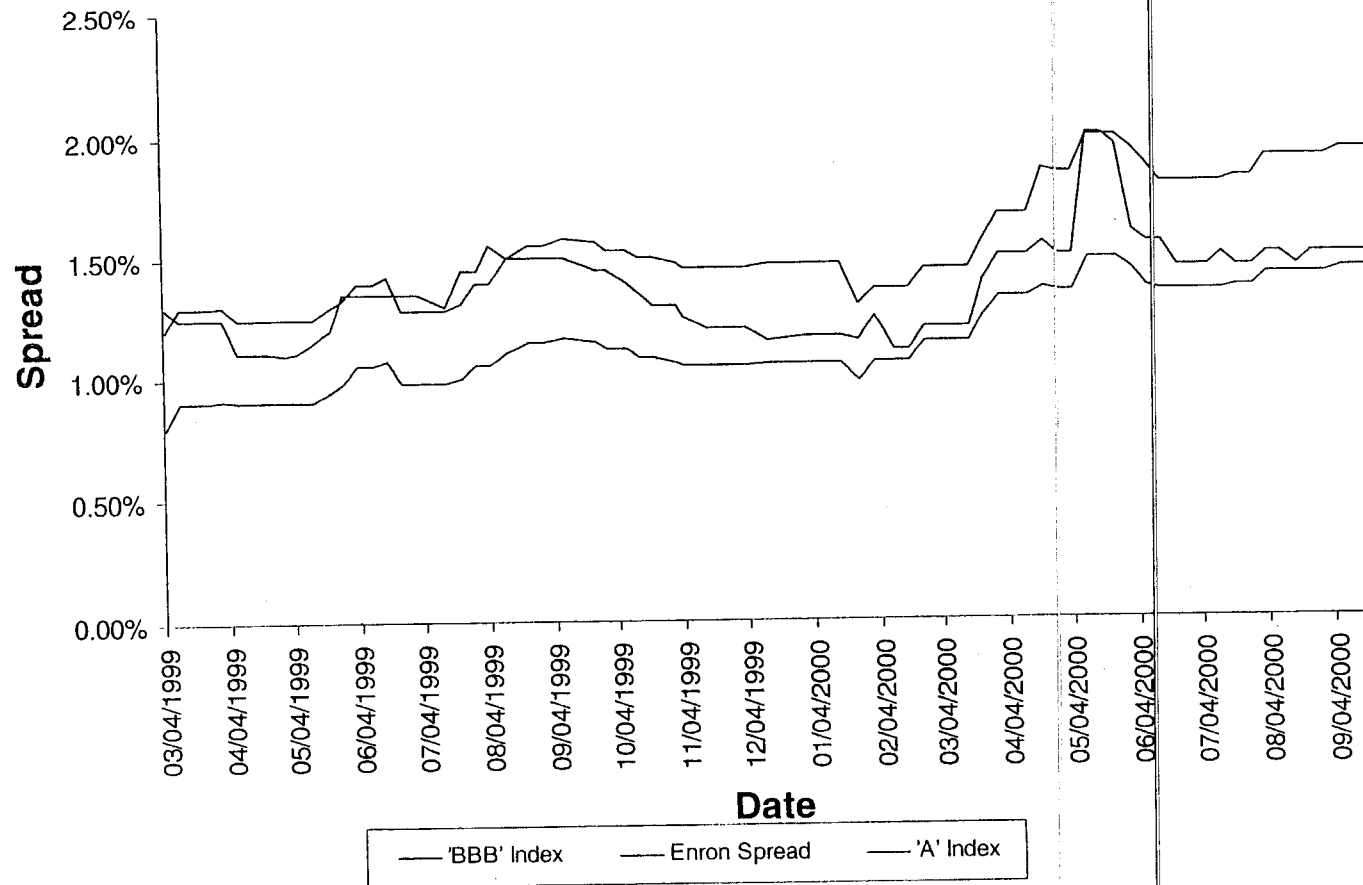
Brazil Yield Curve



EC004402677



Enron 7Yr Spread Comparison vs. Index



EC004402678



LJM 3

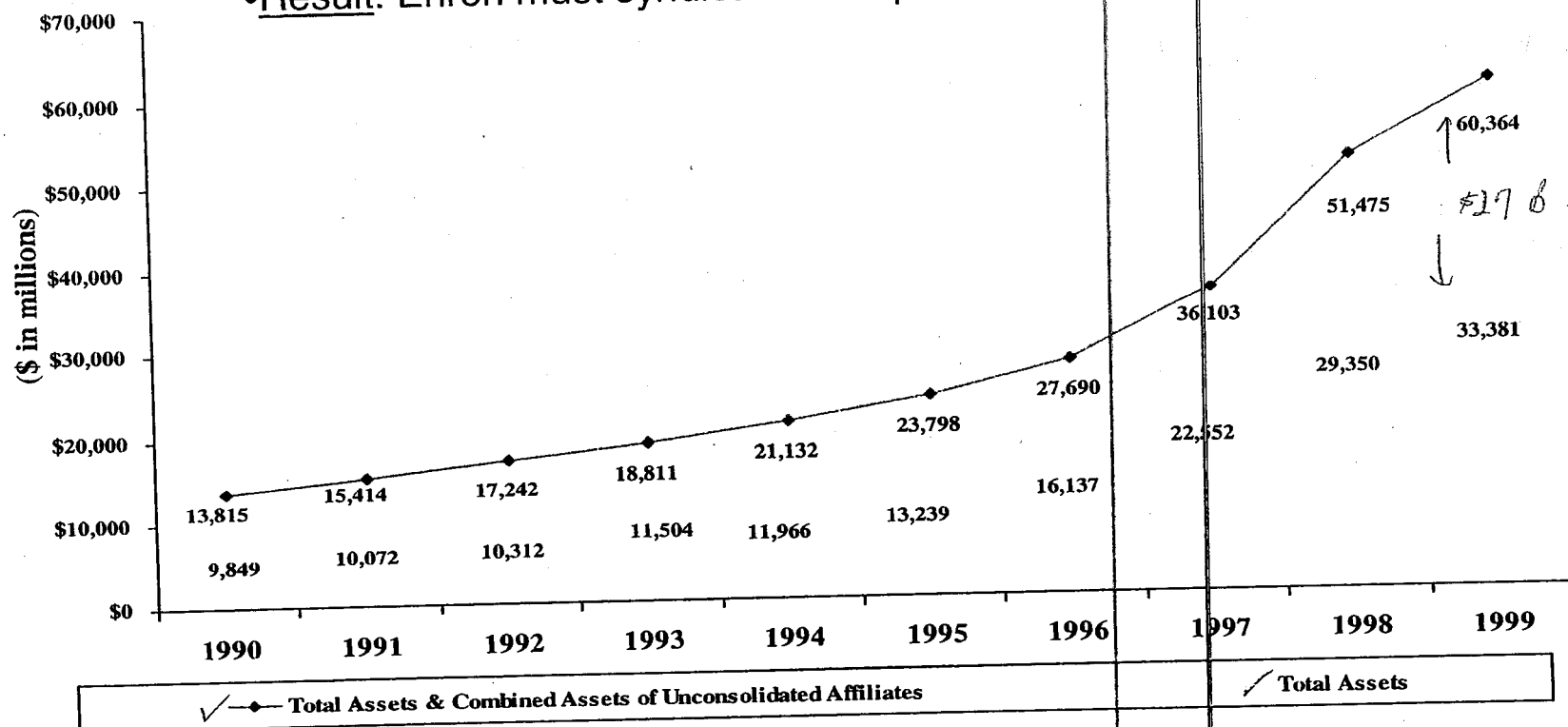
EC004402679



LIM structured to not be an Enron affiliate

Private Equity Strategy

- Continued significant capital investment by Enron
- Energy and communications investments typically do not generate significant cashflow and earnings for 1-3 years
- Limited cash flow to service additional debt
- Limited earnings to cover dilution of additional equity
- Result: Enron must syndicate its capital investments in order to grow



syndicate or structured transaction

EC004402680



Rationale for LJM Structure

- New FASB consolidation rules
- Better ability to manage risk positions (non-affiliate status)
- Better ability to manage financial flexibility

EC004402681



Agenda Item 3

EC004402682

LJM1 and LJM2 Summary

- **LJM1**

- Formed in June, 1999, with \$16 million of equity.
- Hedged Enron investment in Rhythms NetConnections resulting in a gain of approximately \$175 million for Enron.
- Purchased minority interest in Cuiaba so that Enron could deconsolidate the project.

- **LJM2**

- Formed in December, 1999, with \$394 million of equity.
- Invested \$403 million in 21 transactions.

\$500 now

EC004402683



7

Conflicts of Interest

• LJM creates a conflict of interest for EVP/CFO of Enron

- Negotiates investments in Enron transactions/business for LJM.
- Receives value from LJM if fund performs well.
- Allocates time to LJM matters.

• Conflict largely mitigated

- Board resolution does not relieve A. Fastow of fiduciary responsibility to Enron.
- OOC or Board can ask A. Fastow to resign from LJM at any time.
- R. Causey/R. Buy/J. Skilling approve all Enron-LJM transactions.
- Annual audit committee review of LJM (February).
- Legal department responsible for maintaining audit trails/files on all transactions.
- Review of A. Fastow economic interest in Enron and LJM presented to J. Skilling.
- No obligation for Enron to transact with LJM.

EC004402684



Finance Committee Meeting

JKS - Need new Enron GP to get accounting treatment. Third party transactions would be much larger in 25'00

LJM3

- Follow-on private equity fund to LJM1 and LJM2
- Purpose: Alternative, optional source of private equity for Enron to manage its investment portfolio risk and financial flexibility.
- Structure to be substantially similar to LJM2.
- Finance Committee/Board of Directors action requested:
 - Ratify decision of Office of Chairman to waive Code of Conduct in order to allow A. Fastow involvement as General Partner of LJM.

EC004402685



Agenda Item 2
RATIFICATION OF DETERMINATION
(Suggested Form of Resolutions)

WHEREAS, Andrew S. Fastow serves as the Executive Vice President and Chief Financial Officer of the Company;

WHEREAS, Mr. Fastow has the opportunity to participate in the formation of an investment partnership (the "Partnership") that would not be affiliated with the Company;

WHEREAS, it is anticipated that Mr. Fastow will serve as the managing partner/manager of the Partnership;

WHEREAS, it is anticipated that the Partnership will invest in, among other things, energy and communications-related businesses and assets, including businesses and assets of the Company;

WHEREAS, the Partnership, as a potential ready purchaser of the Company's businesses and assets or as a potential contract counterparty, could provide liquidity, risk management, and other financial benefits to the Company;

WHEREAS, the Board has evaluated two similar previous investment partnerships in which Mr. Fastow has served as the managing partner/manager and has concluded that the existence of such investment partnerships, and Mr. Fastow's involvement therein, has been beneficial to and in the best interests of the Company;

WHEREAS, the Office of the Chairman of the Company has determined, for the foregoing reasons, that Mr. Fastow's participation as the managing partner/manager of the Partnership will not adversely affect the interests of the Company;

NOW, THEREFORE IT IS RESOLVED, that the Board hereby adopts and ratifies the determination by the Office of the Chairman pursuant to the Company's Code of Ethics (Conflicts of Interests, Investments, and Outside Business Interests of Officers and Employees) that participation of Mr. Fastow as the managing partner/manager of the Partnership will not adversely affect the interests of the Company; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

EC004402686



Enron Corp

Treasurer Report

October 6, 2000

EC004402687



Enron Corp.

Liquidity Report

As of September 20, 2000

(\$000)

	Overnight	2-30 Days	31-60 Days	61-90 Days	91+ Days	Total
Commercial Paper & Uncommitted Lines	1,011,777					1,011,777
Bank Facilities						
BHF	18,000					18,000
Accounts Recievable	190,000					190,000
Whitewing		301,000				301,000
Shelf Registration - Debt		1,000,000				1,000,000
Shelf Registration - Equity ¹		1,275,000				1,275,000
Merchant Portfolio Monetizations (as of:03/31/00)						
Public Equity		1,162,458				1,162,458
Debt Instruments			220,524			220,524
Private Equity					2,025,720	2,025,720
Total	1,219,777	3,738,458	220,524	-	2,025,720	7,204,478

¹ Reflects 15mm shares at \$85 per share.

Whitewing funded \$1 B to follow on of London yesterday so goes up to \$8 + B
Expanded investor base to Europe



Impact on 2000 Plan Balance Sheet

	2000 Plan Asset Sales less Investments	Variance from Plan			Total Downside Case
		2nd Current Estimate Asset Sales less Investments	Contingent Financial Items	Business Unit Sensitivities	
Transportation and Distribution	(126)	(186)	0	0	(186)
Wholesale Energy Business	(733)	(1398)	(933)	(450)	(2781)
Retail Energy Services	(295)	108	(75)	0	33
Enron Broadband Services	(425)	(224)	0	(200)	(424)
Enron NetWorks	0	(10)	0	(250)	(260)
Other	(475)	(557)	0	0	(557)
Enron Global Finance	0	0	(200)	0	(200)
	(2054)	(2267)	(1208)	(900)	(4375)

Sold fewer assets & invested more capital than anticipated

Board Plan Variance

- Business Unit Variance	(\$3.167 billion)
- Finance Contingencies	(\$1.208 billion)
- Shortfall	(\$4.375 billion)
- EGF Vehicles	\$1.05 billion
- Asset Monetizations	\$1.821 billion
- FAS 125	\$1.504 billion
- Total Shortfall	-0-

EC004402690



Finance Activity June through December

<u>Month</u>	<u>Number of Transactions</u>	<u>To Be Closed</u>	<u>\$Volume(MM)</u>
June	2		630
July	1		290
August	2		575
September	7		2,525
October		8	2,815
November		9	2,900
December		7	2,650
	<u>12</u>	<u>24</u>	<u>12,385</u>

Remainder
40% straight
30% fairly straight
30% in execution etc

Discussion of turbines that are requiring a lot of capital



EC004402691

Enron Corp.

Active Letters of Credit by Category

(000's)

	<u>9/20/00</u>	<u>12/31/99</u>	<u>12/31/98</u>
Bids	\$ 33,653	\$ 5,968	\$ 81,493
Debt	56,687	52,946	26,605
Portland General	0	0	2,711
Leases	13,175	15,604	17,329
Performance	449,449	522,006	114,440
Trade	155,046	76,269	1,184,103
EOTT	118,905	150,310	39,929
Other Third-Party	5,500	24,078	173,163
Other	<u>28,676</u>	<u>80,071</u>	<u>18,909</u>
 Grand Total	 <u><u>\$ 861,091</u></u>	 <u><u>\$ 927,252</u></u>	 <u><u>\$ 1,658,682</u></u>

No big change

Enron Corp.

Guarantee Portfolio

(000's)

	9/20/00	12/31/99	12/31/98
Trade (Payment & Performance)	\$19,424,180	\$17,316,817	\$12,553,735
EOTT Trade	494,790	440,375	352,346
Swap Agreements (Master & Individual)	11,243,684	7,148,443	4,756,369
Projects (Non-Debt)	4,466,558	4,756,470	2,912,781
Debt			
Consolidated Subsidiaries	2,892,635	2,155,303	1,241,291
Unconsolidated Subsidiaries	337,746	337,746	565,808
Grand Total	<u>\$38,859,593</u>	<u>\$32,155,154</u>	<u>\$22,382,330</u>

Increased volume transacted

EC004402693

Rating Summary

Rating Agency	Long Term	Commercial Paper	Outlook
Fitch IBCA/Duff & Phelps	BBB+	F-2/D-2	Stable
Moody's	Baa1	P2	Stable
R and I(Japan)	A-	n/a	Stable
Standard & Poors	BBB+	A2	Stable

Same

EC004402694



Agenda Item 4

EC004402695

Enron Corp
Chief Risk Officer Report
October 6, 2000

Kenney left

EC004402696



Credit Update

EC004402697



Top 25 Credit Exposures

Type of Credit	E-Ratings	Counterparty Name	December 31, 1999	June 30, 2000	August 31, 2000 *
			In \$MMs	In \$MMs	In \$MMs
Trade	4	TXU Europe Energy Trading Ltd.	598	1,452	1,462
Trade	2	The Chase Manhattan Bank	46	159	523
Trade	5	Sithe/Independence Power Partners, L.P.	315	307	313
Trade	5	Sithe/Independence Power Partners, L.P. Tracking Account	171	212	229
Trade	2	Bonneville Power Administration	76	162	163
Trade			142	158	158
Merchant	6	East Coast Power	N/A	114	149
Trade	5	Williams Energy Marketing & Trading Company	178	166	143
Trade	4	Reliant Energy Resources Corp.	133	133	133
Merchant	8	American Coal Tranche I	94	124	130
Trade	4	Canadian Natural Resources	N/A	114	114
Merchant	9	Mariner Combined Debt	N/A	57	114
Trade	2	Merrill Lynch Capital Services, Inc.	38	56	98
Trade	4	Reliant Energy Services, Inc.	N/A	89	93
Trade	2	Koch Energy Trading, Inc.	51	N/A	92
Trade	3	Sempra Energy Trading Corp.	106	149	90
Trade	2	Florida Power & Light Company	49	74	84
Trade	4	Petro-Canada Oil and Gas	N/A	62	83
Trade	4	American Electric Power Service Corporation	61	N/A	81
Trade	3	Duke Energy Trading and Marketing, L.L.C.	N/A	N/A	81
Trade	4	Dynegy Power Marketing, Inc.	N/A	N/A	76
Trade	3	AEP Energy Services, Inc.	N/A	N/A	74
Trade	4	Merchant Energy Group of the Americas, Inc.	N/A	N/A	66
Trade	2	J. Aron & Company	N/A	N/A	58
Trade	3	NSTAR Companies	N/A	N/A	57
Trade	5	Avista Corporation	52	N/A	N/A
Trade	8	Calpine Fuels Texas Corporation	45	N/A	N/A
Trade	8	Midland Cogeneration Venture Limited Partnership	44	N/A	N/A
Trade	3	British Gas Trading Limited	39	N/A	N/A
Trade	3	Brooklyn Union Gas Company	38	N/A	N/A
Trade	2	City of Tallahassee	36	N/A	N/A
Trade	5	Commonwealth Edison Company	35	N/A	N/A
Trade	4	California Power Exchange Corporation	119	N/A	N/A
Merchant	8	Enron Wind Corp. Lake Benton II	N/A	85	N/A
Trade	5	Tractebel Energy Marketing, Inc.	N/A	66	N/A
Trade	2	Koch Petroleum Group, L.P.	N/A	62	N/A
Trade	4	Yorkshire Electricity Group plc	63	62	N/A
Trade	4	United Illuminating Company	N/A	58	N/A
Trade	4	Southern Company Energy Marketing, L.P.	54	54	N/A
Trade	3	Pacific Gas & Electric Company	57	52	N/A
Trade	2	The Power Authority of the State of New York			
Top 25 Total			2,640	4,027	4,664
Other Credit Exposures			2,755	4,956	5,037
Total Credit Exposure			5,395	8,983	9,701

EC004402698

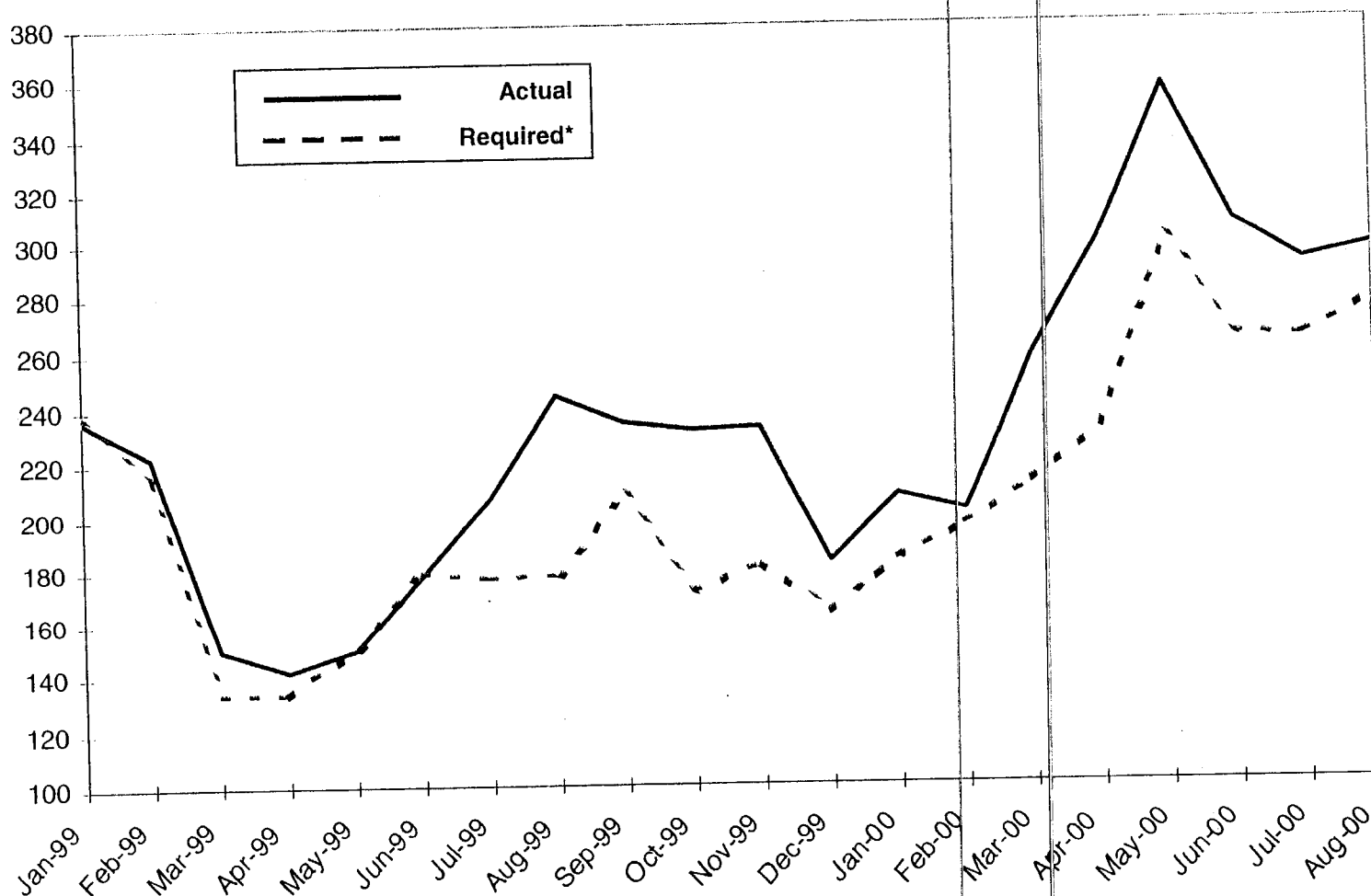
Transactions new to "Top 25" list

Non-Investment Grade Credit Exposures

* August 31, 2000 data is estimated.



Credit Reserve Historical Comparison (\$MM)



* Required Reserve: Amount of reserve required for existing portfolio after simulating defaults and assuming 50% recovery.



Finance Committee Meeting

Foreign Exchange Project Update

EC004402700



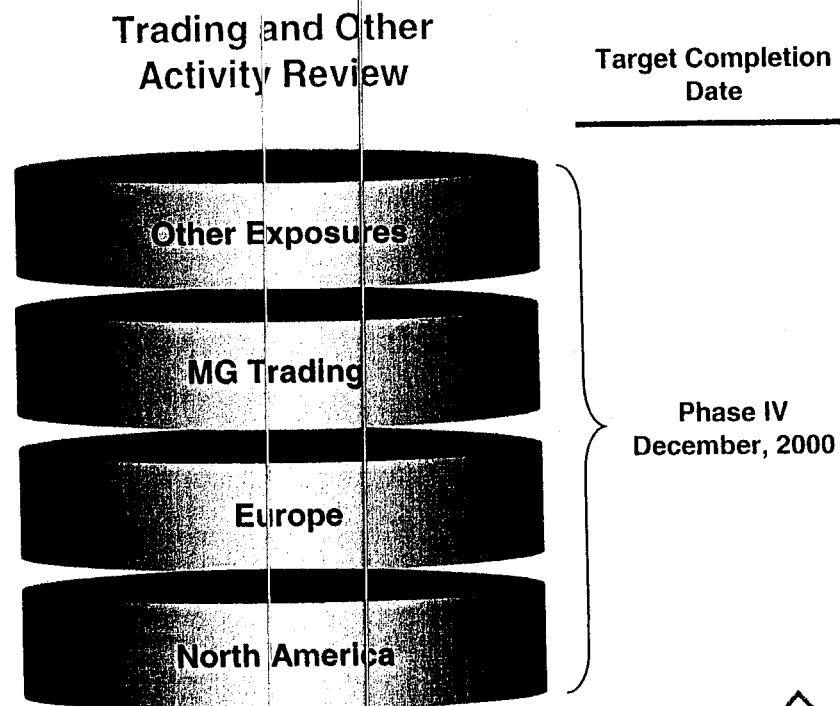
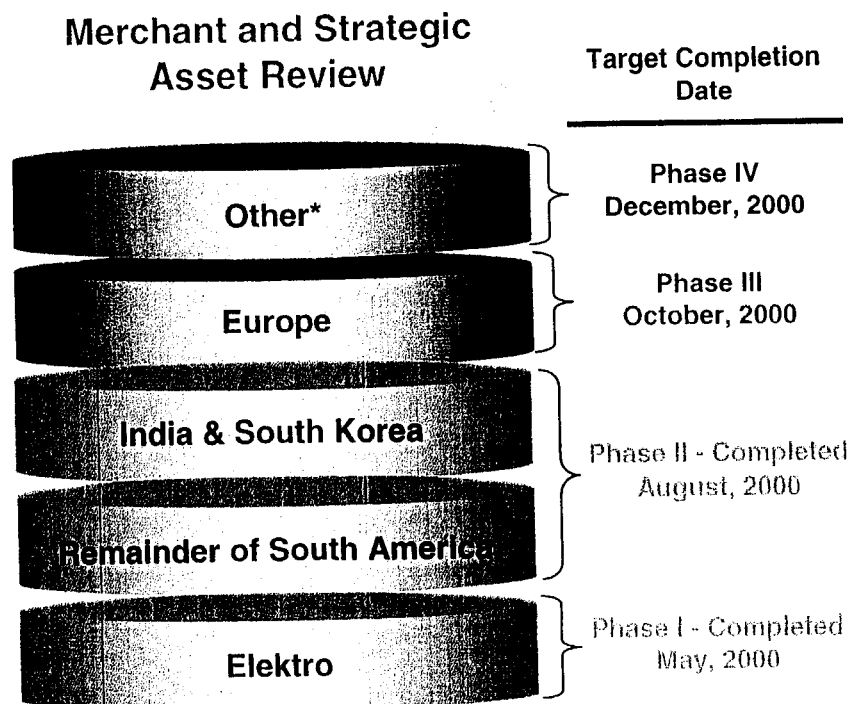
Buy

Foreign Exchange Project

Objective

Identification, measurement and reporting of foreign currency economic exposure for Enron worldwide.

Project Timeline



*Other Includes: CALME, APACHI, EES, EBS, EE&CC, EWC and ENA.

EC00440270



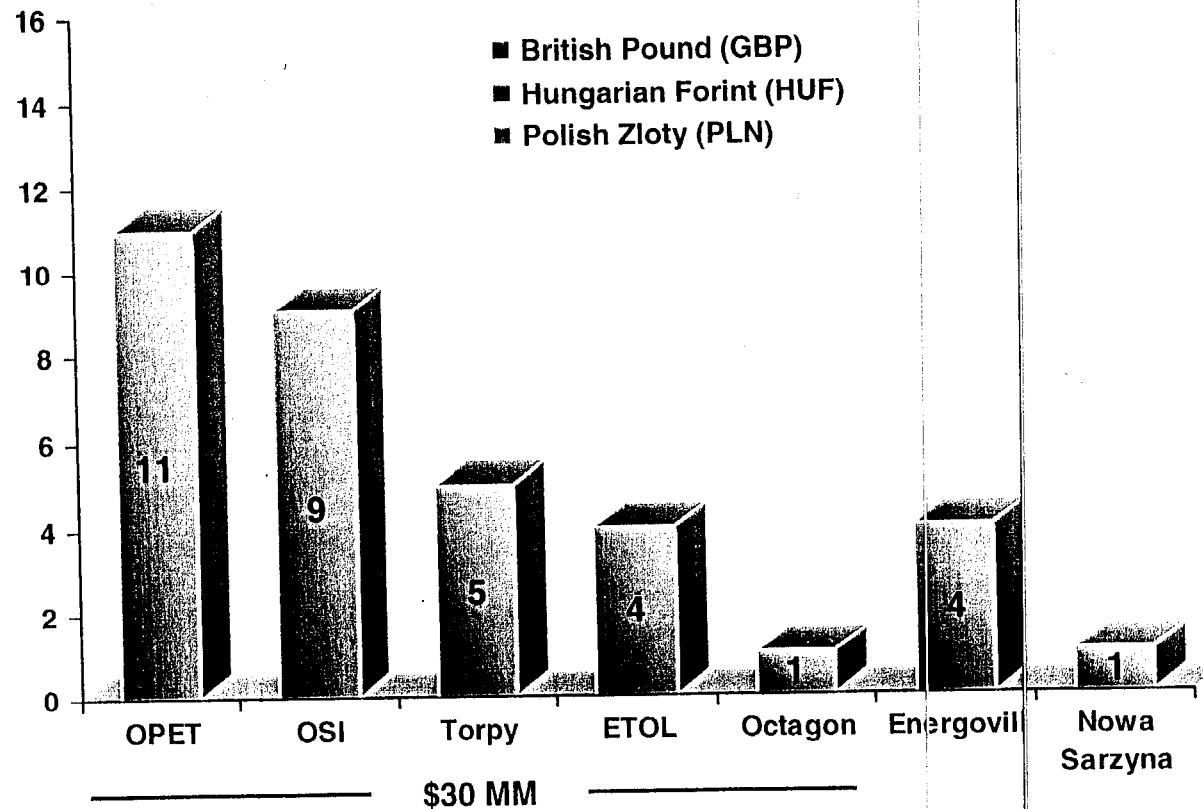
Enron Europe

Net Notional Position by Project and Currency

as of August 31, 2000

(\$MM)

Total Europe Exposure \$35MM



Finance Committee Meeting

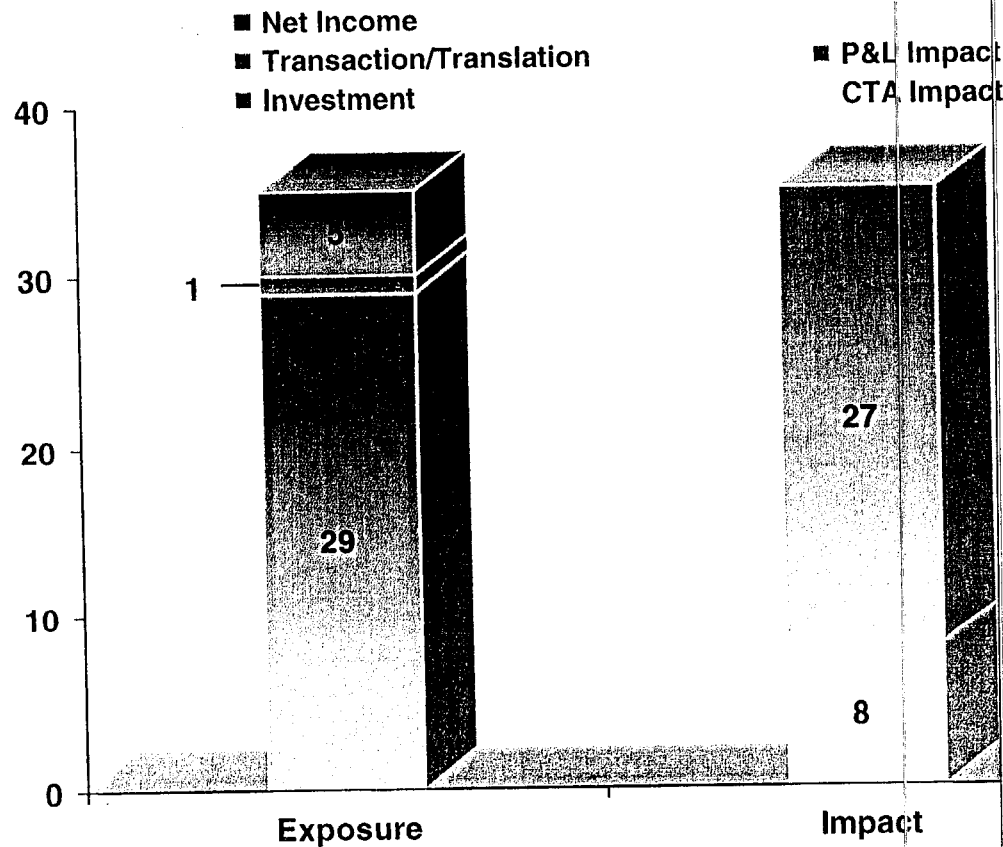
Enron Europe

Net Notional Position by Type

as of August 31, 2000

(\$MM)

Total Europe Exposure \$35MM

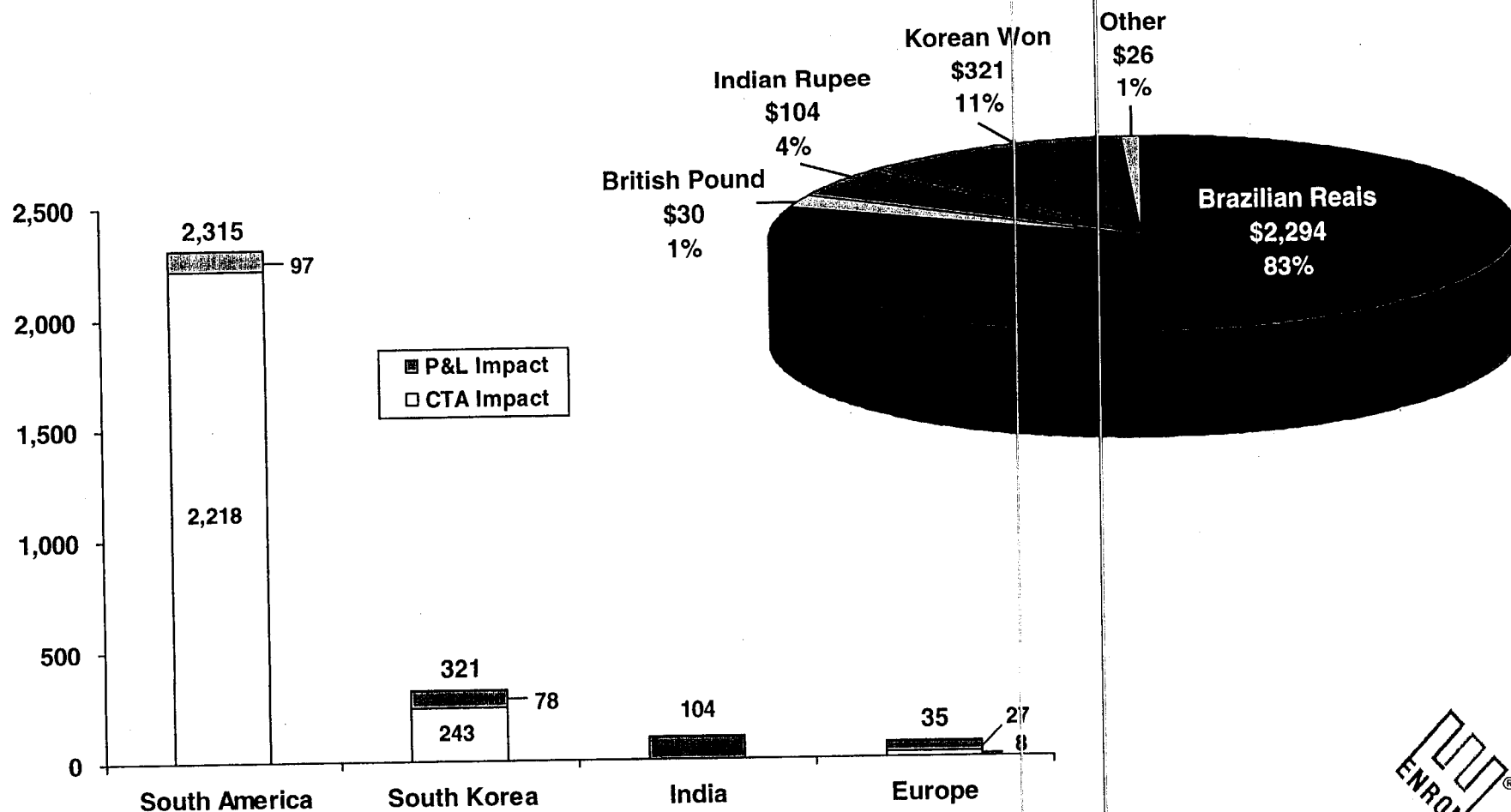


EC004402703



Net Notional Position by Currency and Region as of August 31, 2000 (\$MM)

Total Exposure \$2,775



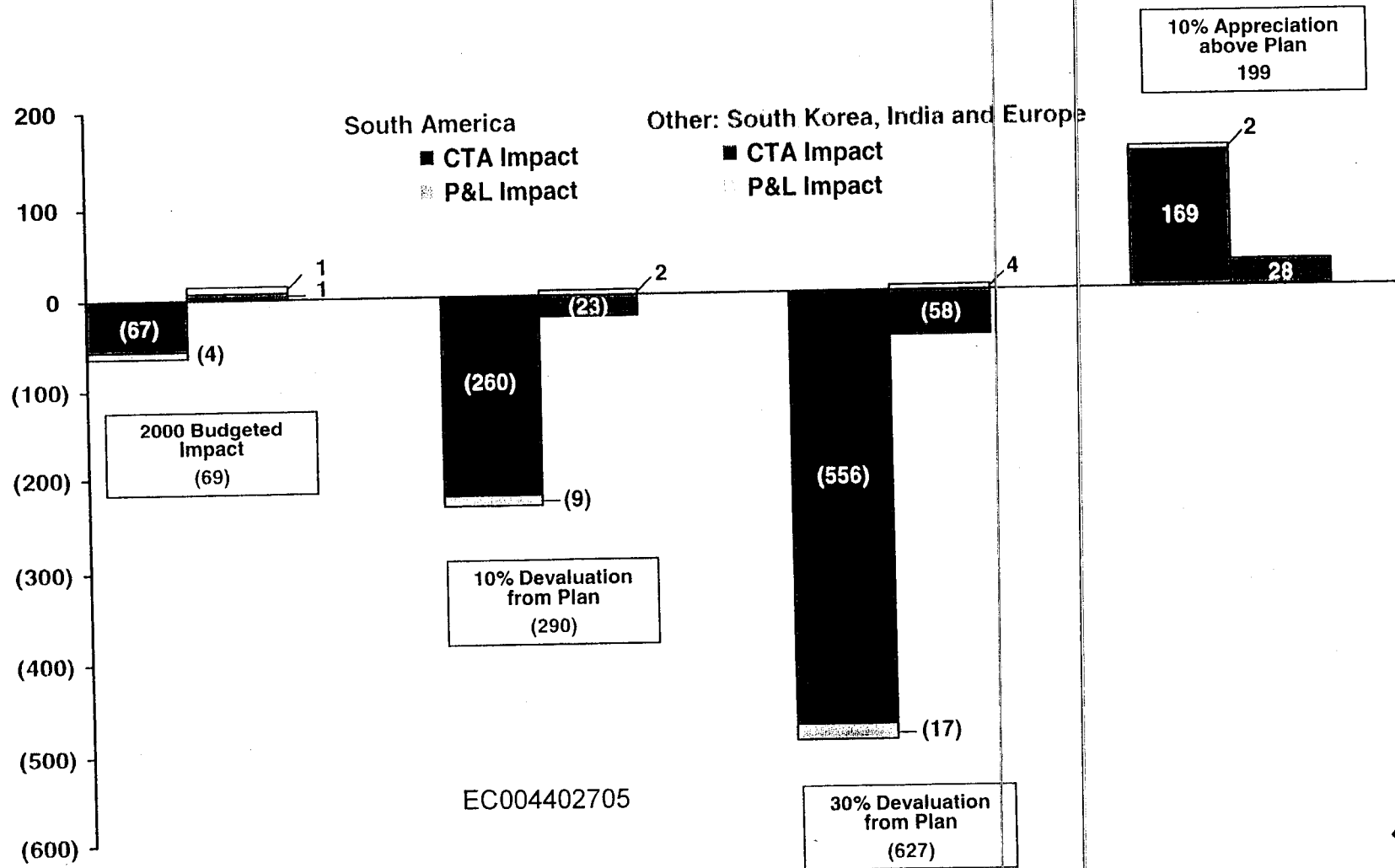
Finance Committee Meeting

Enron Sensitivity Analysis

by Region

for the four months ending December 31, 2000

(\$MM)

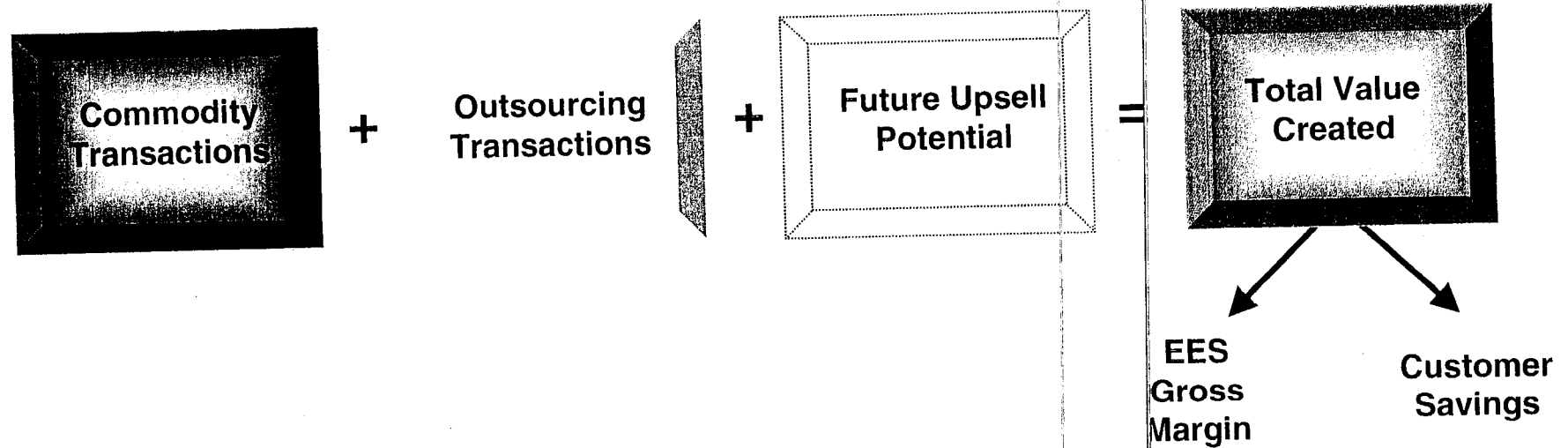


EES Status Report

EC004402706



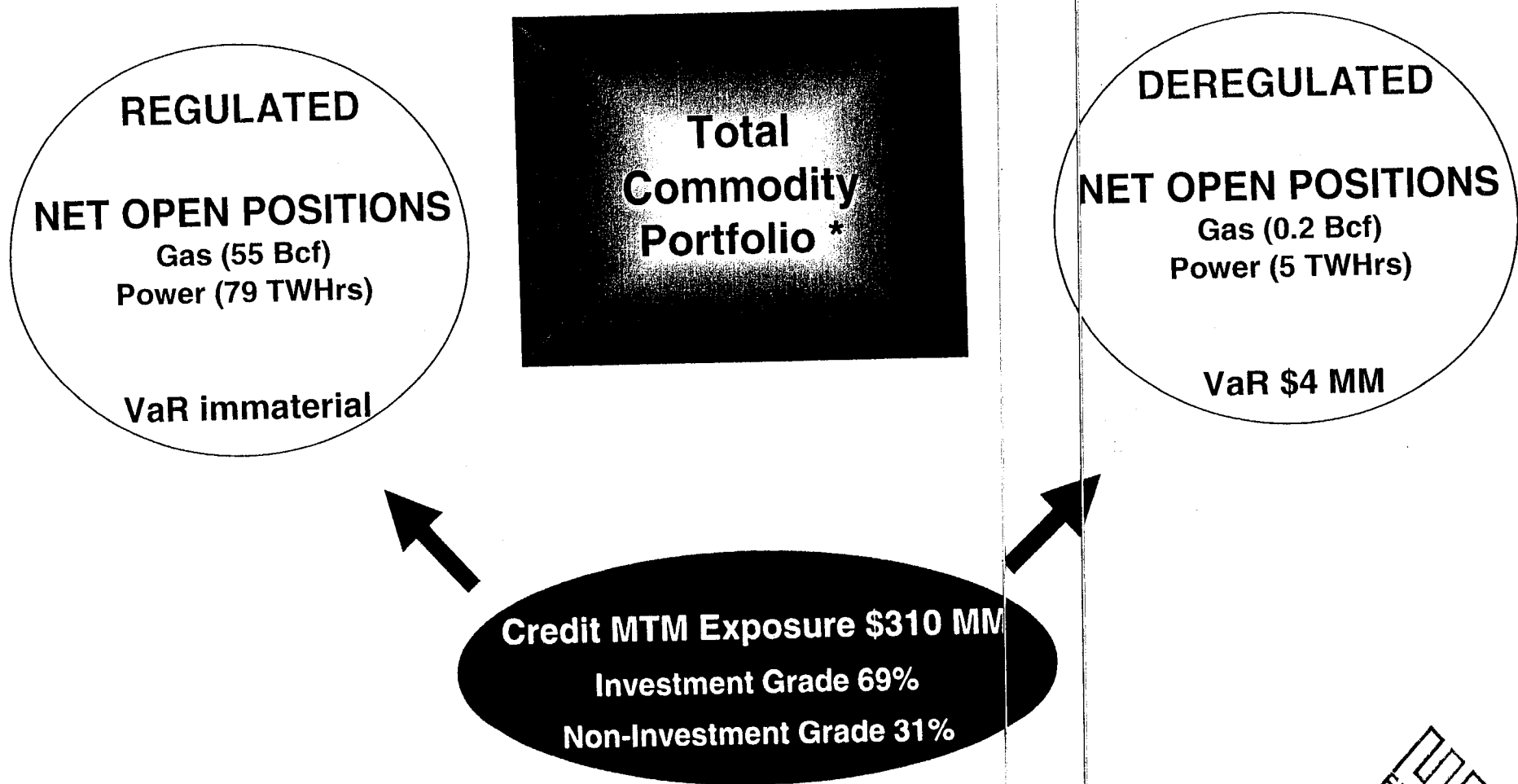
EES Business



EES offers energy cost savings through a combination of lower commodity prices and consumption reduction.

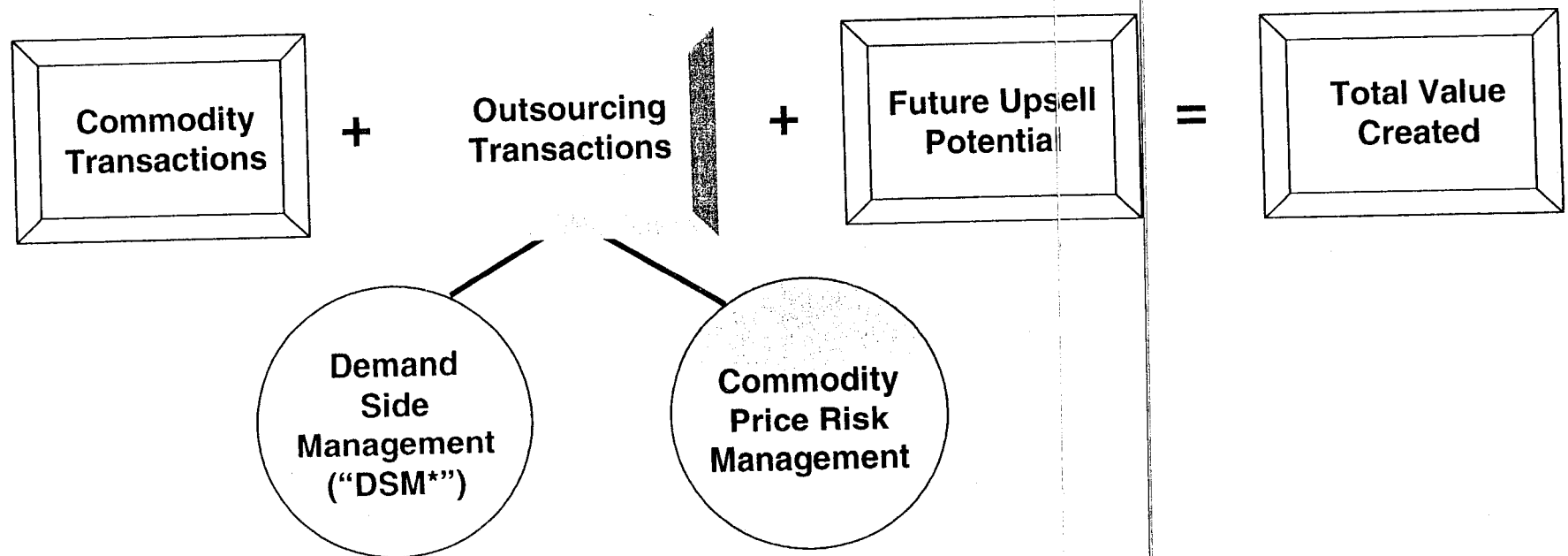
Commodity Position Summary

as of August 31, 2000



* Includes commodity from outsourcing transactions.

Outsourcing Transactions

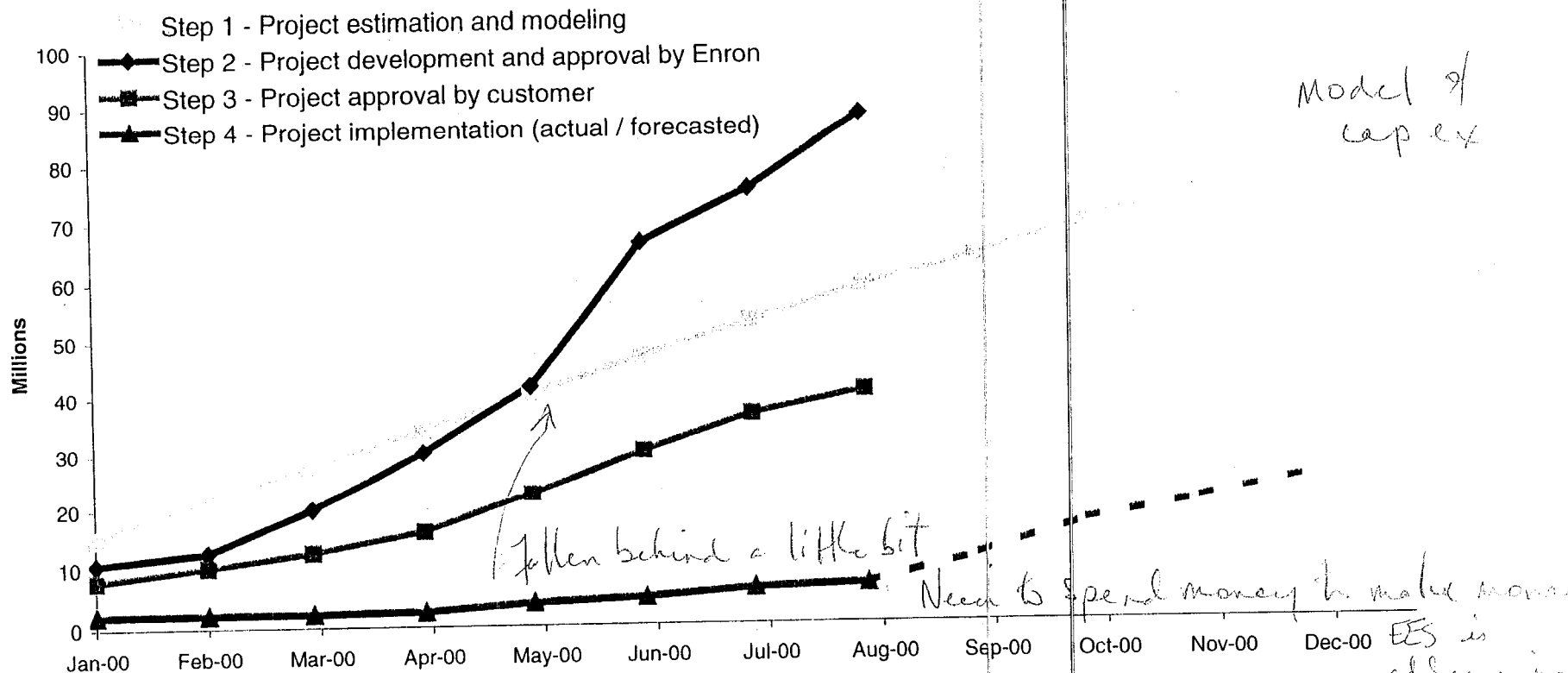


****DSM = Consumption reduction from Energy Asset Capital Expenditures and more efficient operations.***

EC004402709

Energy Asset Capital Expenditures

as of August 31, 2000



- Improvements have been made in developing projects and obtaining customer approvals
- Actual project implementation lags original projections
- Capital has been approved for the following technologies:

Lighting 34%

Compressed Air 14%

Chillers / Cooling 13%

All Others 39%

Market Risk Update

EC004402711



Table of Contents

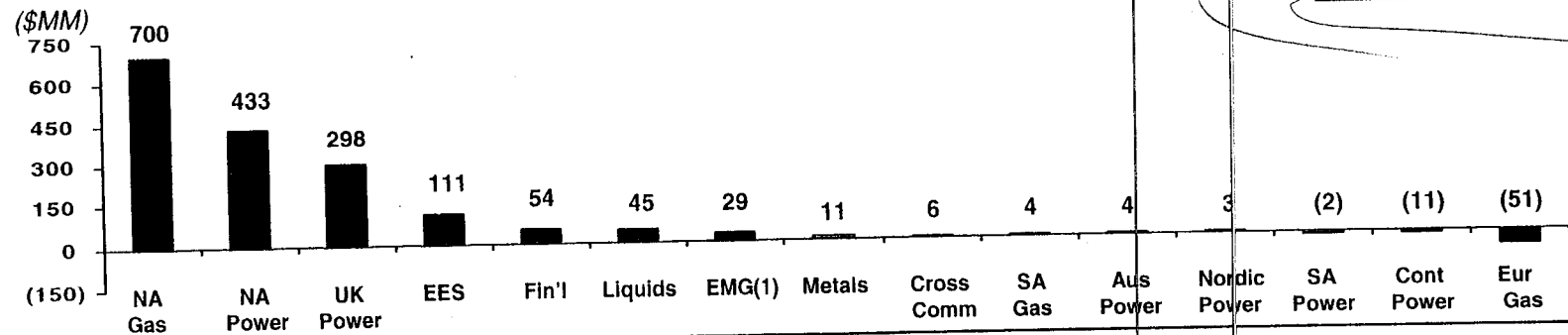
- ☐ Risk Profile
- ☐ Risk Profile Grouped by Commodity and Region
- ☐ VaR Backtesting
- ☐ Parallel Shift Stress Testing
- ☐ Limit Violations
- ☐ Loss Notifications
- ☐ Policy Changes

EC004402712



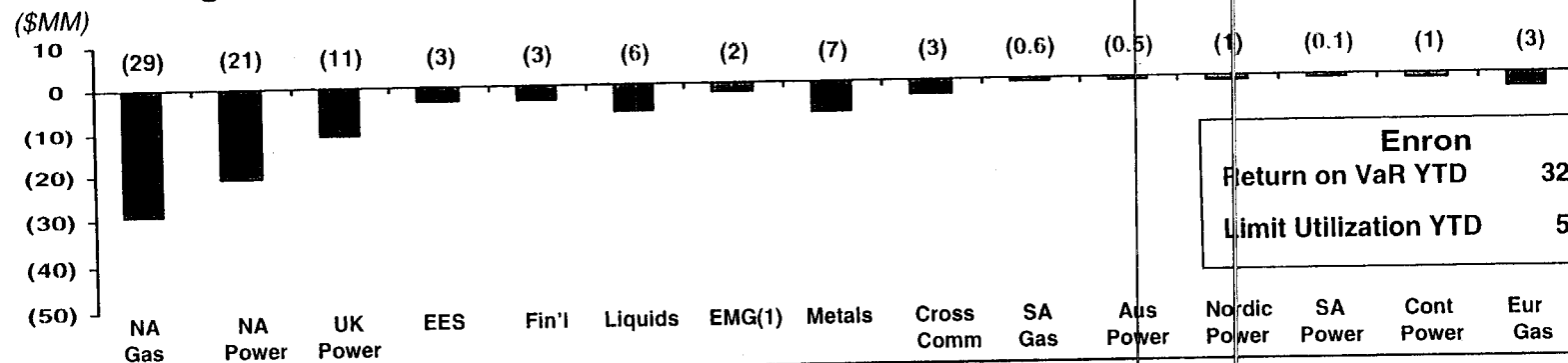
Risk Profile as of August 31, 2000

YTD P&L



YTD P&L = \$1.6 B

YTD Average VaR



YTD Average VaR = \$39 MM

Enron

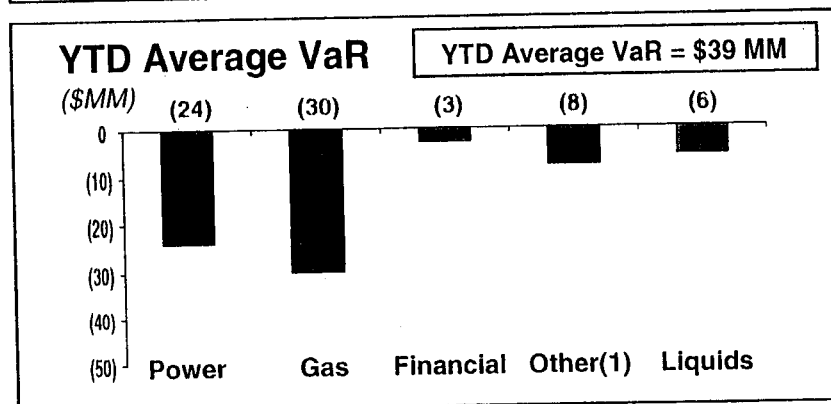
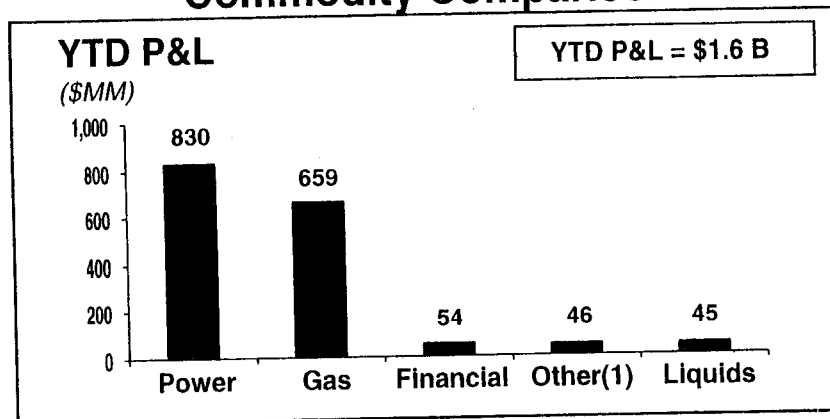
Return on VaR YTD 322%
Limit Utilization YTD 52%

Return on VaR YTD	186%	159%	211%	261%	147%	60%	94%	23%	19%	51%	56%	29%	nil	nil	nil
Limit Utilization YTD	65%	53%	66%	66%	26%	72%	18%	82%	57%	28%	16%	18%	7%	32%	43%

(1) Emerging Businesses (EMG) include Weather, Coal, Emissions Credits, Paper, Lumber, and Bandwidth

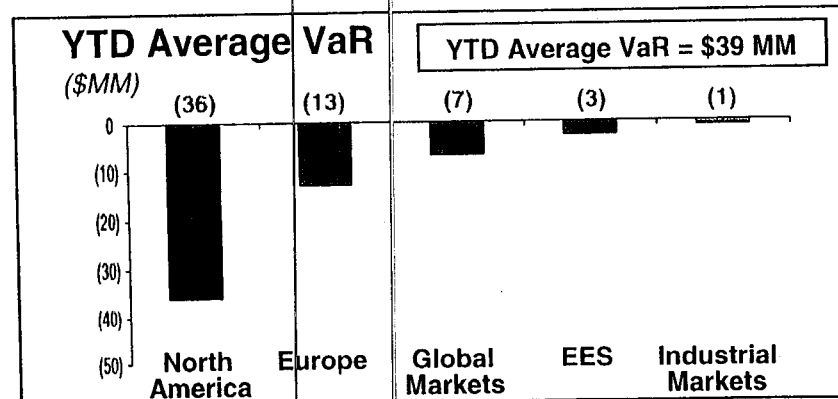
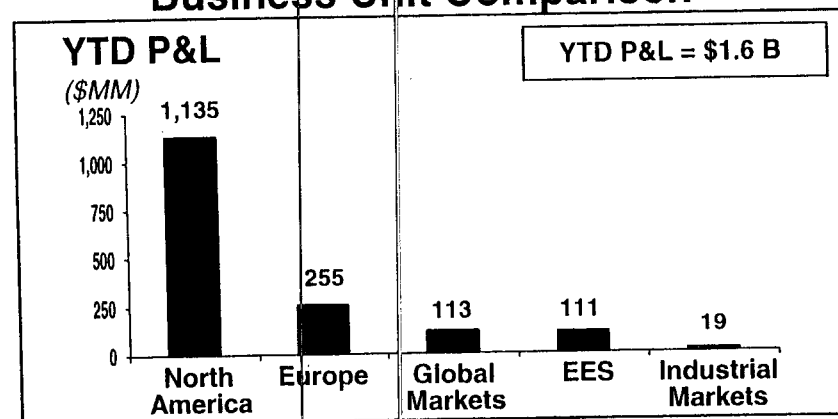
Risk Profile as of August 31, 2000

Commodity Comparison



Return on VaR YTD	Power	Gas	Financial	Other(1)	Liquids
	266%	173%	147%	47%	60%

Business Unit Comparison



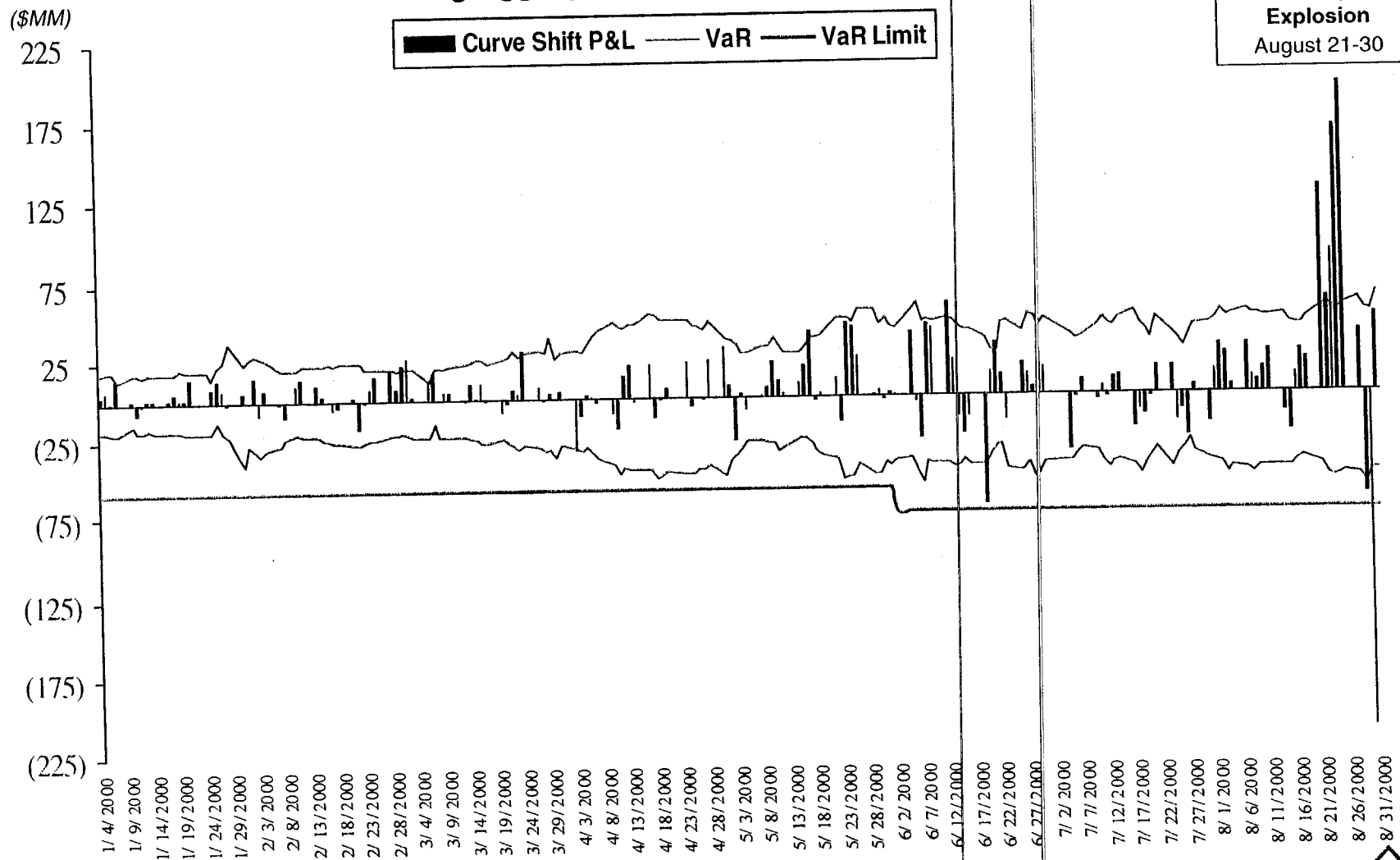
Return on VaR YTD	North America	Europe	Global Markets	EES	Industrial Markets
	243%	149%	133%	261%	109%

(1) Includes Cross Commodity, Metals, Weather, Coal, Emissions Credits, Paper, Lumber, and Bandwidth

EC004402714

Value-At-Risk Backtesting

Backtesting Aggregate ENRON VaR - 1/4/00 - 8/31/00



EC004402715

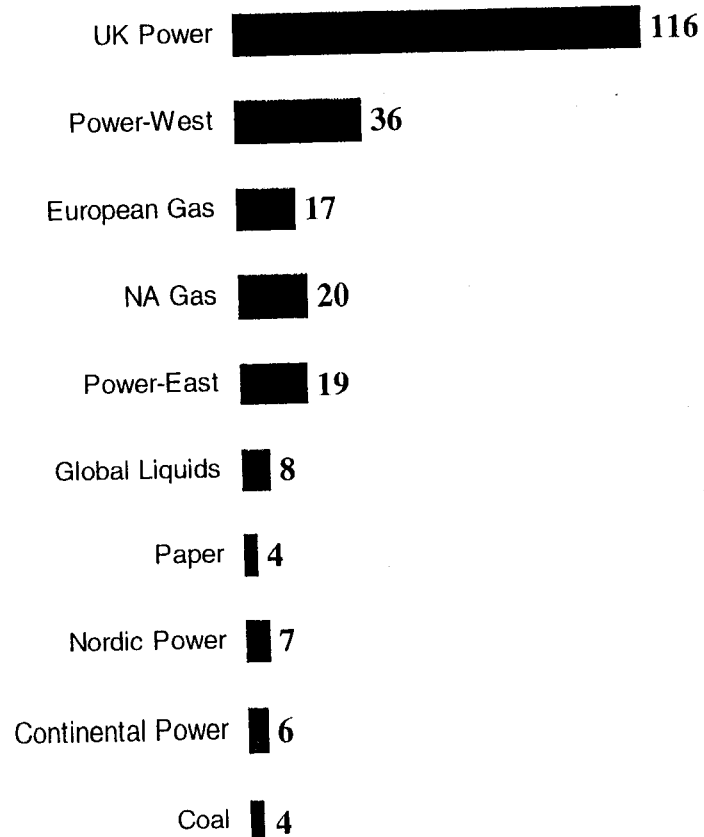


Stress Testing

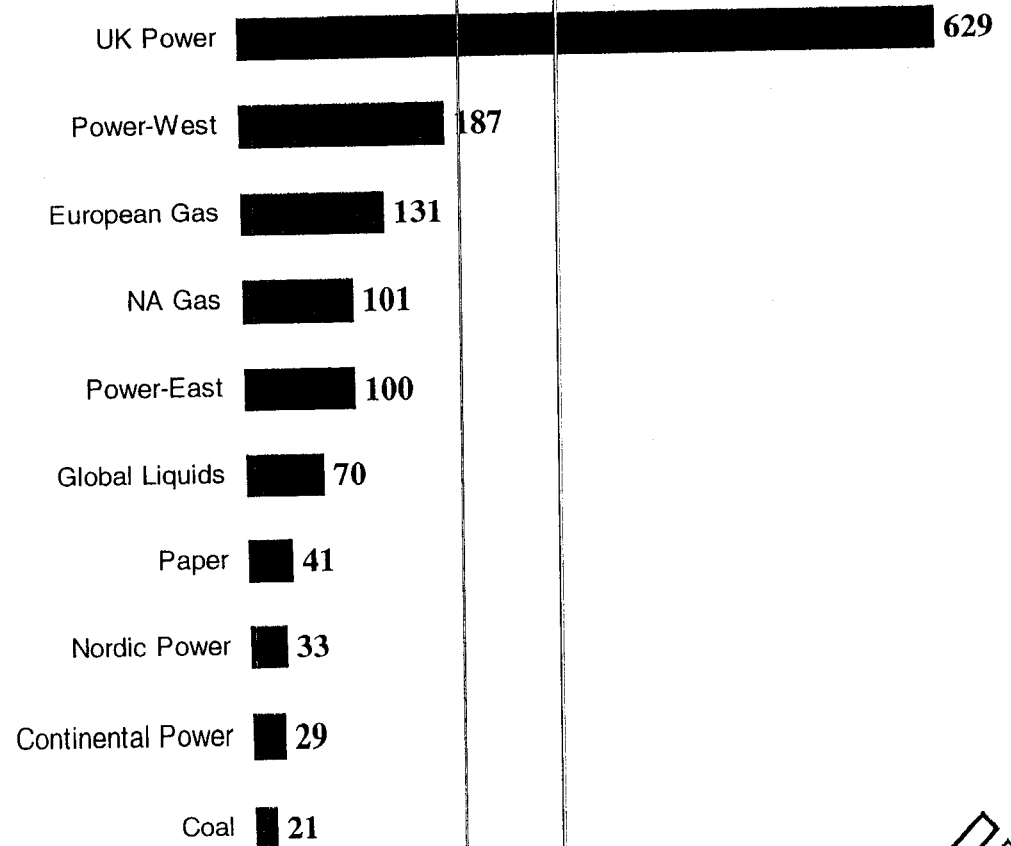
5% & 25% Parallel Price Shift as of August 31, 2000

■ UP ■ DOWN

Worst Case Exposure - 5% Parallel Shift (\$MM)



Worst Case Exposure - 25% Parallel Shift (\$MM)

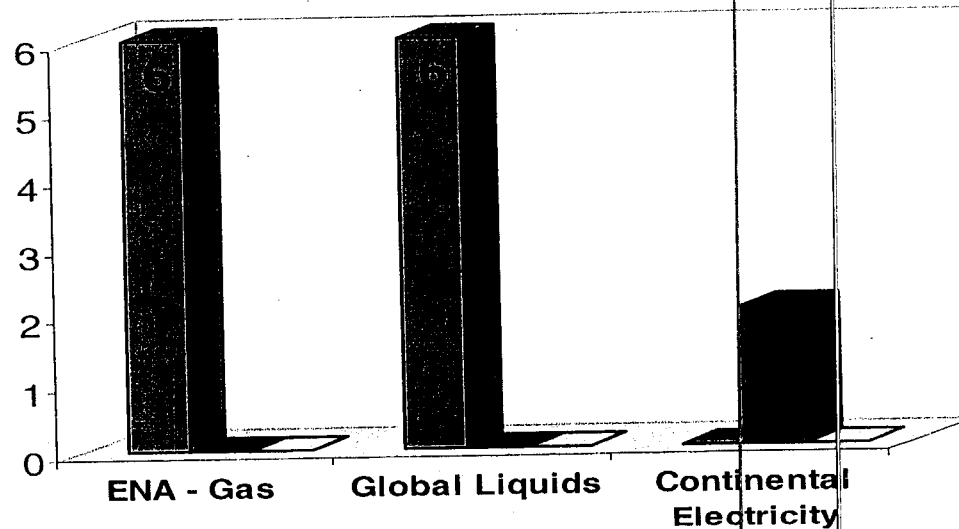
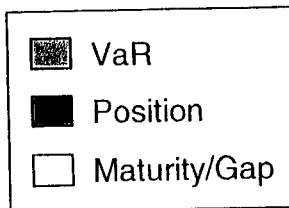


EC004402716

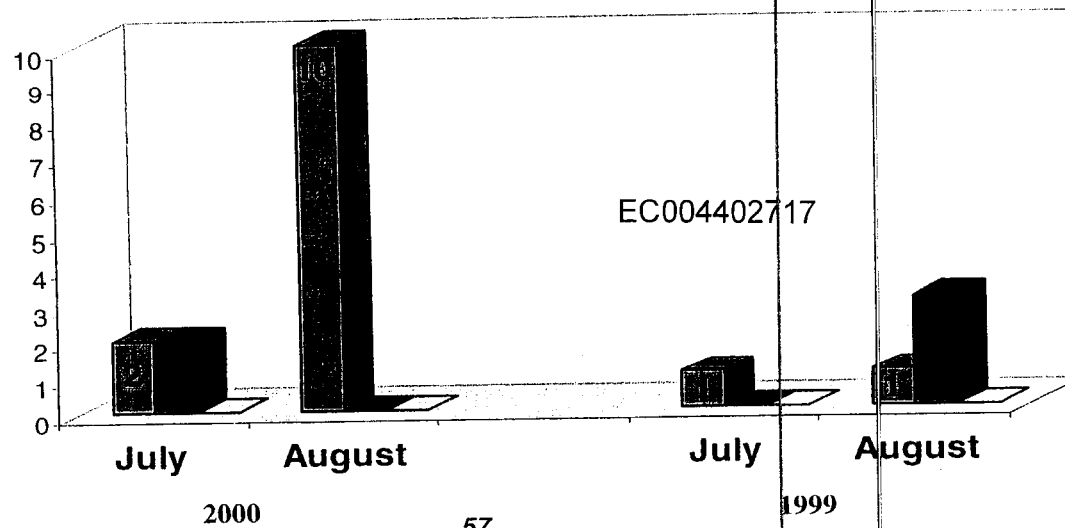
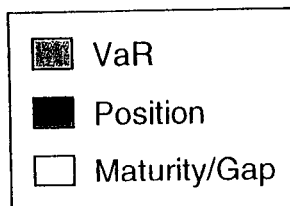


Limit Violations as of August 31, 2000

July & August 2000
Violations
by Portfolio



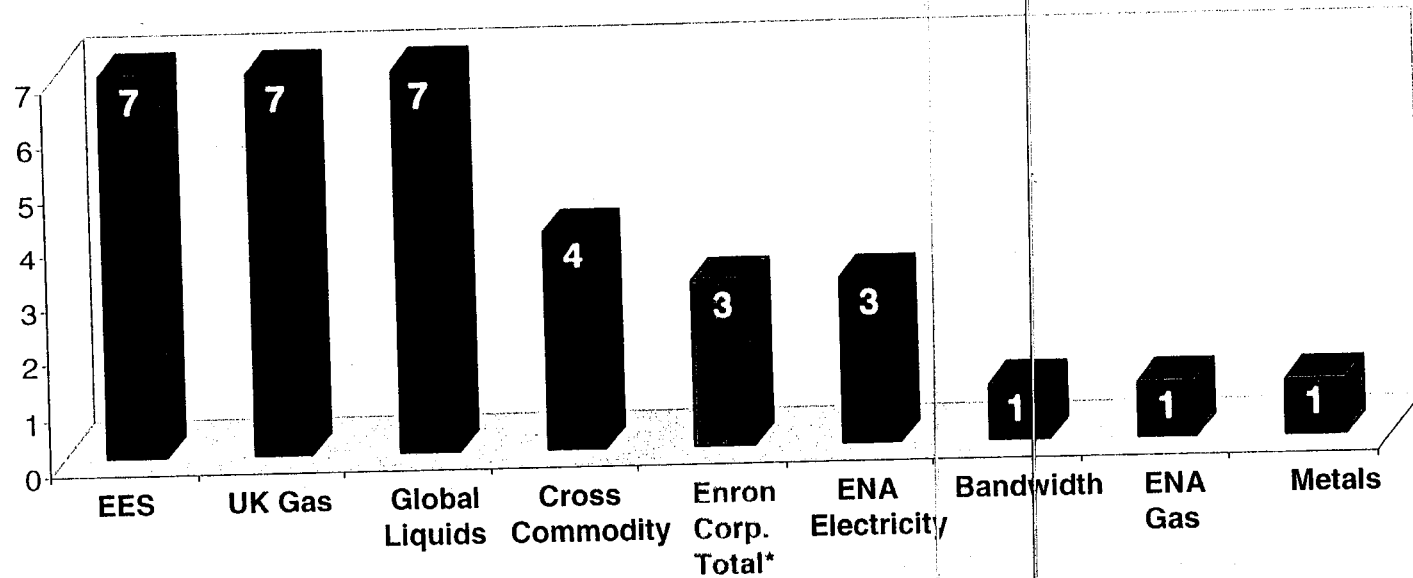
Comparison
2000 and 1999



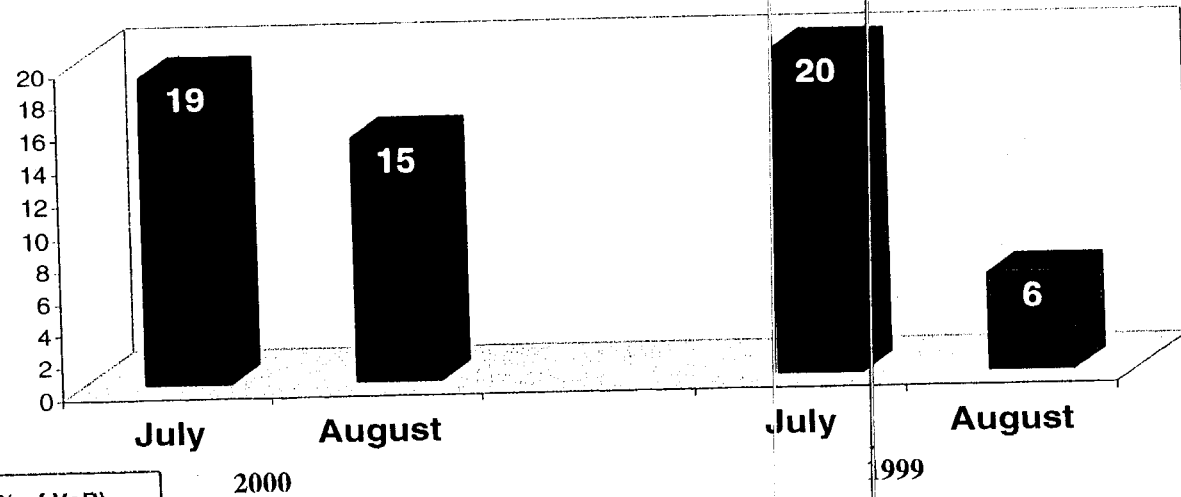
Finance Committee Meeting

Loss Notifications as of August 31, 2000

July & August 2000
Notifications
by Portfolio



Comparison
2000 and 1999



* CEO Loss Notification > \$56.25 MM (75% of VaR)

Loss of \$60.29 MM on July 5, 2000

Loss of \$72.95 MM on August 29, 2000

* BOD Level Loss Notification > (100% of VaR)

Loss of \$193.5 MM on August 30, 2000

Summary of Policy Changes

Requested Changes to Current Policy:

I. We are recommending full Board approval of the following amendments to the Risk Management Policy:

- Limit increases to existing Commodity Groups within the Trading Portfolio:

	<u>Proposed</u>	<u>Temp</u>	<u>Current</u>
<u>Enron Corp.</u>			
Aggregate VaR Limit	<u>\$100 MM</u>	\$75 MM	\$60 MM
<u>North American Natural Gas</u>			
Net Open Position Limit	No Change		300 Bcf
Rolling 12-Month Position Limit	No Change		350 Bcf
VaR Limit	<u>\$60 MM</u>	\$45 MM	\$40 MM
<u>Continental Electricity</u>			
Net Open Position Limit	20 Twh		15 Twh
Rolling 12-Month Position Limit	20 Twh		15 Twh
VaR Limit	No Change		\$4 MM
<u>Southern Cone Electricity</u>			
Net Open Position Limit	3.5 Twh		3 Twh
Rolling 12-Month Position Limit	3.5 Twh		2 Twh
VaR Limit	\$5 MM		\$2 MM
<u>Coal and Freight</u>			
Net Open Position Limit	No Change		15 MM MT
Rolling 12-Month Position Limit	No Change		15 MM MT
VaR Limit	\$4 MM		\$2 MM

Summary of Policy Changes

Requested Changes to Current Policy (continued):

- New Commodity Groups:

	<u>Proposed</u>	<u>Temp</u>	<u>Current</u>
<u>Discretionary VaR</u>			
VaR Limit	\$25 MM	\$15 MM	None
<u>Enron Energy Services</u>			
Net Open Position Limit	None	None	
Rolling 12-Month Position Limit	None	None	
VaR Limit	\$5 MM	\$5 MM	None

II. Changes to the Risk Management Policy to set guidelines for allocations of the Discretionary VaR (Appendix III).

III. The following Commodity Group has obtained limits under the Interim Policy:

<u>Steel Trading</u>	<u>Proposed</u>
Net Open Position Limit	100,000 Net Tons
Rolling 12-Month Open Position Limit	200,000 Net Tons
VaR Limit	\$1 MM

**Chief Risk Officer
Supplement
October 6, 2000**

Done before the Summary of Policy Changes

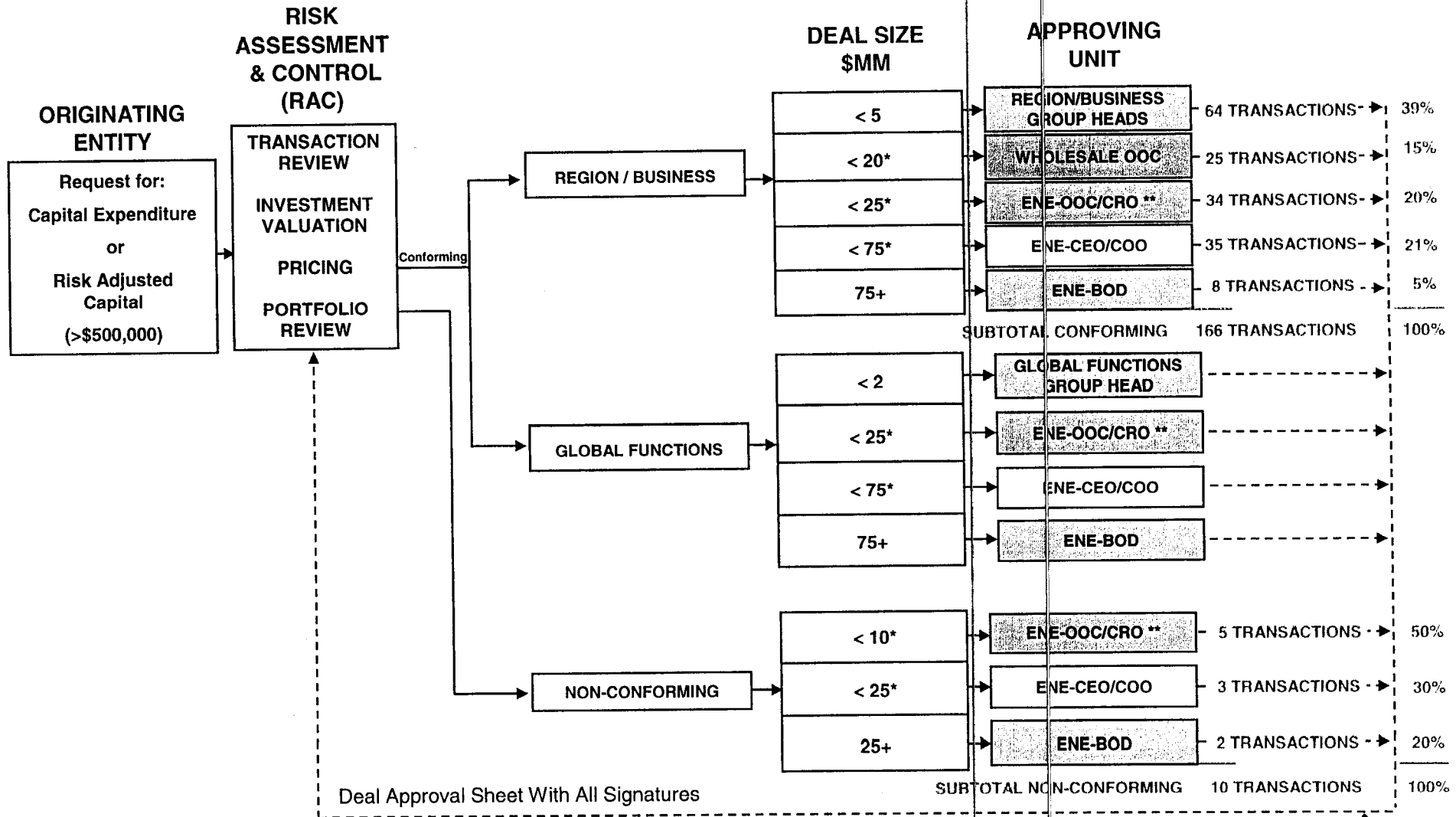
EC004402721



Enron Corp. Transaction Approval Process

TRANSACTIONS APPROVED IN 2000 THROUGH 9/22/00

Revised 10-7-00



* Transaction Deal Approval Sheets will be distributed to the ENE-BOD (Finance Committee) after approval.

** As delegated by the ENE-OOC, the ENE-CRO has approval authority.

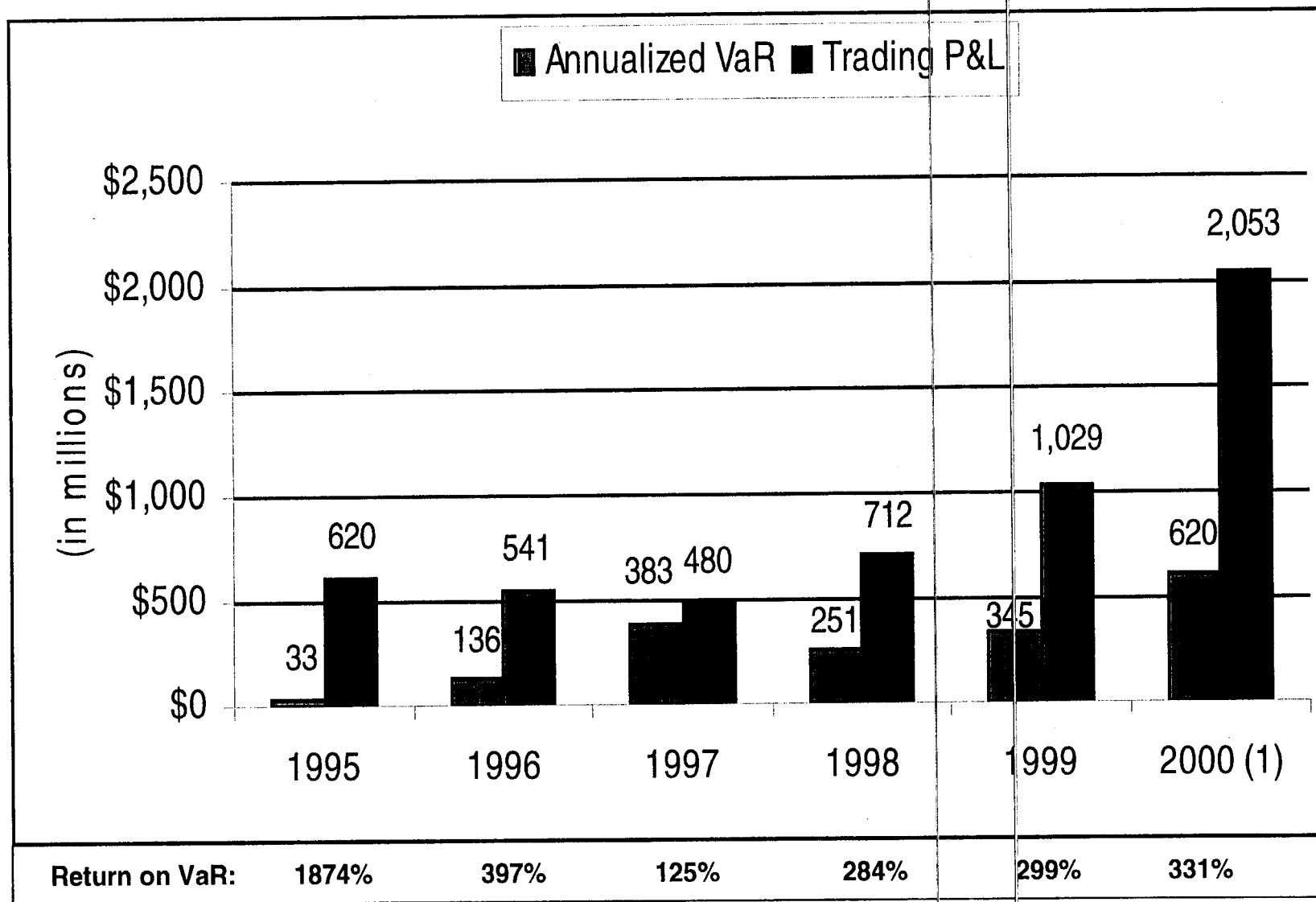
TOTAL TRANSACTIONS 176

EC004402722



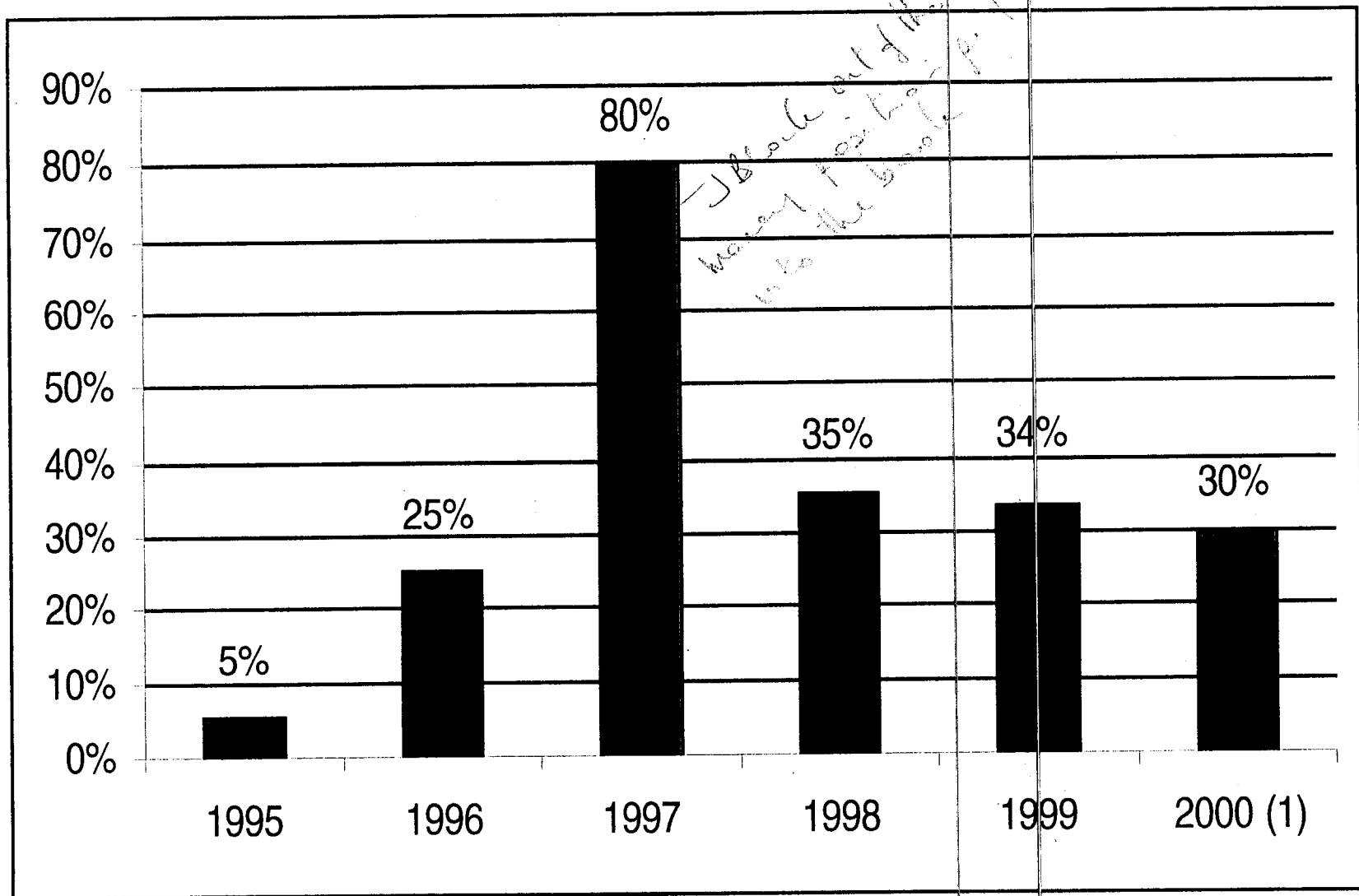
Finance Committee Meeting

Annualized VaR versus Trading P&L



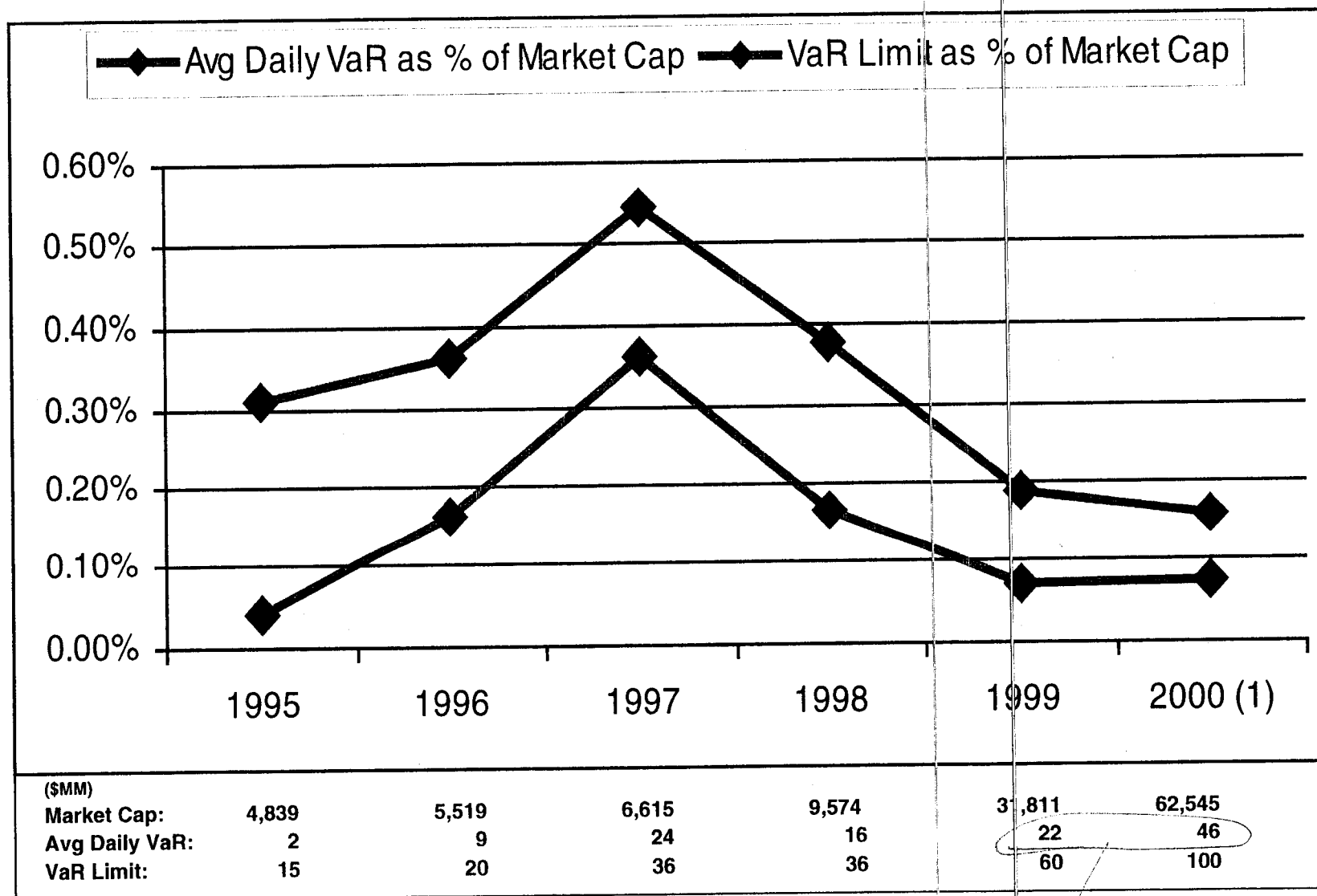
(1) Through September 30, 2000

Annualized VaR as a Percent of Trading P&L



(1) Through September 30, 2000

Average Daily VaR and VaR Limit as a Percent of Market Capitalization



(1) Through September 30, 2000

more than
double



Required Returns on VaR

VaR Limit (daily): \$100 MM

VaR Limit (annual): \$1.6 B

Expected P&L based on:

- S & P Historical Returns \$1.0 B**
- Historical Enron Performance (1998, 1999) \$3.7 B**

Expected VaR to support 2001 Budget:

- S & P Historical Returns \$268 MM**
- Historical Enron Performance (1998, 1999) \$ 73 MM**



Why Do We Want Discretionary VaR?

- ◆ EnronOnline
- ◆ Enron Global Markets
- ◆ Enron Net Works
- ◆ Enron Industrial Markets
- ◆ Enron Broadband Services

Pug
Discussed the potential downside in increasing VaR
JKS - Discussed the need for more information for
increasing VaR. Enron Online has provided us a lot of additional information
- Additional opportunity (~volume) from Online driving need for increased
in limits

EC004402728

Agenda Item 5

Enron Corp

Projects and Amendments

October 6, 2000

EC004402729



Agenda Item 5a

EC004402730



To: The Finance Committee of the Board of Directors
From: Jeff Skilling and Rick Buy
Subject: Changes to the Risk Management Policy

Department: Risk Assessment and Controls

Date: October 6, 2000

I. We are recommending full Board approval of the following amendments to the Risk Management Policy:

- Limit increases to existing Commodity Groups within the Trading Portfolio:

	<u>Proposed</u>	<u>Temp</u>	<u>Current</u>
<u>Enron Corp.</u>			
Aggregate VaR Limit	\$100 MM	\$75 MM	\$60 MM
<u>North American Natural Gas</u>			
Net Open Position Limit	No Change		300 Bcf
Rolling 12-Month Position Limit	No Change		350 Bcf
VaR Limit	\$60 MM	\$45 MM	\$40 MM
<u>Continental Electricity</u>			
Net Open Position Limit	20 Twh		15 Twh
Rolling 12-Month Position Limit	20 Twh		15 Twh
VaR Limit	No Change		\$4 MM
<u>Southern Cone Electricity</u>			
Net Open Position Limit	3.5 Twh		3 Twh
Rolling 12-Month Position Limit	3.5 Twh		2 Twh
VaR Limit	\$5 MM		\$2 MM
<u>Coal and Freight</u>			
Net Open Position Limit	No Change		15 MM MT
Rolling 12-Month Position Limit	No Change		15 MM MT
VaR Limit	\$4 MM		\$2 MM
<u>Discretionary VaR</u>			
VaR Limit	\$25 MM	\$15 MM	None
<u>Enron Energy Services</u>			
Net Open Position Limit	None		None
Rolling 12-Month Position Limit	None		None
VaR Limit	\$5 MM	\$5 MM	None

- Changes to the Risk Management Policy to set guidelines for allocations of the Discretionary VaR (Appendix III).

EC004402731

II. The following Commodity Group has obtained limits under the Interim Policy:

Steel Trading

Net Open Position Limit
Rolling 12-Month Open Position Limit
VaR Limit

Proposed

100,000 Net Tons
200,000 Net Tons
\$1 MM

EC004402732

ENRON CORP.
RISK MANAGEMENT POLICY
Approved by Enron Corp. Board of Directors

Proprietary and Confidential

Approved: October 1, 1996
Amended: December 8, 1998
Amended: May 3, 1999
Amended: August 10, 1999
Amended: October 20, 1999
Amended: December 14, 1999
Amended: February 7, 2000
Amended: May 2, 2000
Amended: August 8, 2000
Amended: October 6, 2000

I. General Authorization

Enron Corp. is authorized to execute Transactions and manage these Transactions within certain authorized Portfolios in support of its businesses.

All Transactions covered by this policy must be conducted in compliance with all Enron Corp. policies, as each may be amended, supplemented or restated from time to time (collectively the "Enron Corp. Policies").

II. Portfolios

Designated Enron Business Units are authorized to enter into Transactions which create Positions for Enron Corp. and its affiliates, other Enron Business Units or their respective customers within the authorized Commodity Groups and limits, specified in Appendix I. These Positions are managed in the following Portfolios:

- A. **Trading Portfolios** – designed to capture and manage risks related to physical delivery of energy and other commodities, to provide related risk management services, to take advantage of market arbitrage opportunities and to manage positions within the approved limits. This portfolio includes commodity transactions, financial instruments and securities transactions.
- B. **Merchant Portfolio** – designed to capture and manage merchant investments in public and private companies, including the active management of embedded exposures and to provide greater liquidity for Enron's merchant investment activities, consistent with Enron Corp.'s core competencies within the approved limits. This portfolio includes equity, "equity-like," debt and "debt-like" investments in the public and private sector.
- C. **Capital Portfolio** – designed to accommodate positions and transactions in Enron's own stock, or derivatives thereof which may occur from time to time in the execution of approved structural transactions (for example, stock buy-backs, hedging of stock option programs)

III. Position and Loss Notification Requirements

Generally, Enron Companies' business activities are subject to a combination of limits. These limits include, but are not limited to, Net Open Position, Maturity/Gap Risk, Potential Exposure, Regulated Exchange limits, and Loss notifications, as appropriate for the type of business activity under consideration.

Limits will be applied at the Commodity Group and Portfolio level, as appropriate.

- A. **Net Open Position Limits.** Enron Business Units' activities are subject to the Net Open Position limits at the Commodity Group level, as specified in Appendix I, Appendix II and Appendix III.
- B. **Maturity/Gap Risk Limits.** Enron Business Units' activities are subject to the Maturity/Gap Risk limits at the Commodity Group level, as specified in Appendix I, Appendix II and Appendix III.
- C. **Potential Exposure Limits.** Enron Business Units' activities are subject to potential exposure analysis using stress-testing and scenario analysis, as directed by the Enron Corp. Chief Risk Officer, and limits based on Value-at-Risk (VaR), calculated daily or as appropriate to the business activity under consideration at the Portfolio level and at the Commodity Group level.



- D. **Regulated Exchange Limits.** Enron Business Units' may be subject to limits imposed by regulated exchanges on which they transact. Enron Companies shall comply with any such limits imposed on them, as such limits may be modified from time to time.
- E. **Loss Notifications.** Daily and Cumulative Losses resulting from Enron Business Units' activities are subject to the reporting requirements, as specified in Section IV.C.

All Enron Business Units are expected to formulate limits subordinate to approved limits, which should be monitored internally, and act as triggers for reference to and action by senior Business Unit management.

IV. Limit Violation/Loss Notification Requirements

Notwithstanding the other provisions of this Policy, any violation of limits must be reported to the Enron Corp. Chief Risk Officer. Such report should be made prior to entering into a Transaction if there is a sufficient reason to believe that a limit violation will occur. Requirements for limit violation notifications, each accompanied by an explanation for all limit violations and a recommended course of action for Net Open Position, Maturity/Gap Risk and VaR limit violations, will be as follows:

- A. **Net Open Position Limits; Maturity/Gap Risk Limits.** If the limit violation is equal to or in excess of five percent (5%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If the limit violation is equal to or in excess of ten percent (10%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp.
- B. **Value-at-Risk Limits.** If the aggregate VaR limit is exceeded or if the VaR for any Commodity Group or Portfolio is equal to or in excess of five percent (5%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If the aggregate VaR or the VaR for any Commodity Group or Portfolio is equal to or in excess of ten percent (10%) of the applicable limit, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp.
- C. **Loss Notifications.** If at any time the aggregate Daily Loss or the Daily Loss in any Commodity Group or Portfolio is equal to or in excess of 50% of the respective VaR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If at any time the aggregate Daily Loss or the Daily Loss in any Commodity Group is equal to or in excess of 75% of the respective VaR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp.

If at any time the aggregate Cumulative Loss or Cumulative Loss in any Commodity Group or Portfolio is equal to or in excess of 75% of the respective VaR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the President of Enron Corp. If at any time the aggregate Cumulative Loss or Cumulative Loss in any Commodity Group or Portfolio is equal to or in excess of the respective VaR limit as approved by the Board of Directors, the Enron Corp. Chief Risk Officer shall promptly communicate the occurrence to the Chairman of Enron Corp. Cumulative Loss violations are not reported for events, for which a respective Daily Loss has been previously reported.

- D. **Finance Committee of the Board of Directors Notification.** The Chief Risk Officer shall communicate to the Chairman of the Finance Committee violation of the aggregate VaR limit of 15% or greater and aggregate Daily Loss in excess of the respective VaR Limit. These and other limit violations and Loss Notifications and a summary of Enron's market risks will be reported to the Audit Committee of the Board by the Chief Risk Officer of Enron Corp. at all regularly scheduled Audit Committee meetings.

EC004402734



Finance Committee Meeting

V. **Operations and Controls**

- A. **Segregation of Duties.** Enron Business Units shall keep segregated from the business groups or individuals entering into Transactions each of the following activities: recording and aggregation of Transactions; preparation, issuance and verification of Enron Corp. or third-party documentation; reporting of Positions and Commodity Group information; review of the reasonableness of prices and models, periodic validation of prices from independent market sources; monitoring of limits; physical and/or financial settlement of Transactions; reconciliation of accounts; and preparation of financial statements.
- B. **Position Reporting.** Designated Enron Business Units shall prepare, distribute and make available data constituting a daily report ("Daily Position Report") including Commodity Group Net Open Position, profit or loss, potential exposure and any other parameters as may be required by the President or the Chief Risk Officer of Enron Corp. ~~The Daily Position Reports will also report various limits compared to their respective~~ actual amounts and will be signed off by the Commodity Group Manager of the position(s) and the head of the commercial support group responsible for their preparation, before any subsequent trading occurs.

The President of Enron Corp. and Enron Corp. Chief Risk Officer shall designate individuals who are authorized to approve the Daily Position Report on behalf of Enron Corp. After approval, a consolidated Daily Position Report shall be distributed to the Chairman, the President, the Chief Information, Administrative & Accounting Officer and the Chief Risk Officer of Enron Corp. and others as designated by the President or the Chief Risk Officer of Enron Corp.

- C. **Stress and Scenario Testing.** On a monthly basis, or as markets dictate, designated Enron Business Units shall formulate and examine the effects of extreme changes in the market parameters relevant to exposures and positions. Results of these tests should be made available to the Enron Corp. Chief Risk Officer, or his designee(s).
- D. **Valuation.** On a monthly basis, or as markets dictate, designated Enron Business Units shall provide evidence of verification of all market parameters used in the calculation of risk metrics and profits and losses. This should be made available to the Enron Corp. Chief Risk Officer, or his designee(s).
- E. **Transaction Approvals.** Only those employees designated by the Enron Corp. Chief Risk Officer or his designee(s) will be authorized to enter into Transactions on behalf of Enron. The Chief Risk Officer must also approve and maintain a record of those employees responsible for the individual Commodity Groups (Commodity Group Manager) as specified in Appendix I, Appendix II and Appendix III. All Transactions must be entered into in compliance with current or future policies, prevailing at the time transactions are contemplated, of the Credit Group, Market Risk Management Group, Legal Department, and other relevant groups, as determined by the Enron Corp. Chief Risk Officer.
- F. **Brokerage Accounts.** Designated Enron Business Units are authorized to open trading accounts with clearing brokers to facilitate the conduct of their business. All openings or revisions of trading accounts with a broker or brokers will be reviewed and approved by the Enron Corp. Chief Risk Officer or his designee(s). The Enron Corp. Chief Risk Officer or his designee(s) will also notify the brokers of the names of personnel authorized to trade futures, options or other contracts on regulated exchanges if the account has been designated for this purpose.
- G. **Calculation of the Net Open Position by Commodity Group.** For purposes of monitoring the Net Open Position Limits, as specified in Section IIIA, all Positions within a Commodity Group shall be aggregated into a reference Benchmark Position assigned to each group. Subject to approval by the Enron Corp. Chief Risk Officer, certain Positions within a Commodity Group may be authorized to have those Positions designated to a second Commodity Group for use as Cross-Commodity Hedges. If designated for this purpose, the relevant Position will be reported and monitored in the second Commodity Group for the purposes of limit monitoring. Affiliate positions are excluded from the Net Open Position calculation for purposes of limit monitoring.



EC004402735

VI. Policy Amendment Authority

- A. **Portfolios, Commodity Groups and Positions.** Subject to the authorization of the Board of Directors, the Enron Corp. Chairman, the President of Enron Corp. and the Enron Corp. Chief Risk Officer, additional Portfolios may be created and additional Commodity Groups may be added within existing Portfolios. The related limits will be created or revised accordingly. The President of Enron Corp., in conjunction with the Enron Corp. Chief Risk Officer, can authorize additional Positions within the existing Commodity Groups, provided that such Positions can be aggregated within the limits of a currently authorized Commodity Group. Any amendment that authorizes additional Positions should be communicated to the Enron Corp. Chairman and the Board of Directors.
- B. **Position Measurement Parameters.** Any changes to parameters used in the aggregation and measurement of Positions must be approved by the Enron Corp. Chief Risk Officer. This includes, but is not limited to, the Benchmark Positions, VaR parameters, Maturity/Gap Risk periods, conversion ratios, volatility factors and correlation factors. Any substantive change will be communicated to Enron's Board at the next regularly scheduled Board of Directors' meeting.
- C. **Interim Policy for New Commodity Groups.** The President of Enron Corp. and the Chief Risk Officer of Enron Corp. may approve positions in new Commodity Group(s) prior to ratification by the Enron Corp. Board of Directors, subject to the following constraints: i) the new positions do not increase the respective Portfolio limits and ii) meet the criteria in the New Commodity Group requirements specified in Appendix II.
- D. **Discretionary VaR.** The President of Enron Corp. and the Chief Risk Officer of Enron Corp. may temporarily allocate "Discretionary VaR" to other Commodity Groups in the Trading Portfolio under the guidelines described in Appendix III.
- E. **Limit Changes and Other Policy Amendments.** Any modification of limits or other amendments, supplements or updates to this Policy, unless covered by Sections VI A, VI B, VI C, or VI D, must be either (i) approved by the Enron Corp. Board of Directors or (ii) approved by the Enron Corp. Chairman or President and ratified by the Enron Corp. Board of Directors at the next regularly scheduled Board of Directors' meeting.

VII. Miscellaneous

Employee Trading. No employee of any Enron Business Unit may engage in the trading of any Position for the benefit of any party other than an Enron Business Unit (whether for their own account or for the account of any third party) where such Position relates to (i) any financial instrument, security, financial asset or liability which falls within such employee's responsibility at an Enron Business Unit or (ii) any other commodity, included in any Commodity Group.

Employee Review of Policies. An employee of any Enron Business Unit participating in any activity or transaction within the coverage of this Policy shall sign, on an annual basis or upon any material revision to this Policy, a statement approved by the Enron Corp. Chief Risk Officer that such employee (i) has read this Policy and the Enron Corp. Trading Policies, (ii) understands such Policies, and (iii) has and will comply with such Policies.

Supersedes Prior Policies. This Policy supersedes and replaces all previous Policies of Enron Corp. approved by the Enron Corp. Board of Directors concerning risk management or trading, including the Enron Corp. Risk Management Policy and Addendums approved by the Enron Corp. Board of Directors on December 14, 1993, which was last amended on May 7, 1996. This Risk Management Policy was approved by the Enron Corp. Board of Directors on October 1, 1996, and as permitted hereunder it has been amended as of the date reflected on the first page hereof.

Compliance with Policy. All Business Units and their relevant employees should comply with this Policy. Dispensation for non-compliance should be sought from the President of Enron Corp., the Enron Corp. Chief Risk Officer or their designee(s). Willful or deliberate non-compliance or falsification of risk metrics or profits and losses referred to by this Policy will be regarded as gross misconduct.

EC004402736

Finance Committee Meeting



VIII. Definitions

"Affiliate Position" shall mean the Position between a Designated Enron Business Unit and any other Enron Business Unit ("Affiliate Transactions"), and any such other Transaction designated as a hedge of any Affiliate Transaction, in accordance with the Affiliate Policy.

"Benchmark Position" shall mean the Position within a Commodity Group into which all other Positions within the same Commodity Group can be converted using price volatility and correlation based conversion factors. Such conversion factors shall be established and authorized by the Enron Corp. Chief Risk Officer, in conjunction with the President of Enron Corp.

"Commodity Group" shall mean a collection of Positions having sufficient relationship and correlation (as approved by the Enron Corp. Board of Directors) that allow for aggregation into a Benchmark Position.

"Cross-Commodity Hedge" shall mean a Position within a certain Commodity Group that is suitably used as a hedge for another Position within a different Commodity Group (i.e. Natural Gas position used to hedge an Electricity position). The suitability and approval of Cross-Commodity Hedges for each Position for purposes of limit measurement shall be reviewed and approved by the Chief Risk Officer of Enron Corp. or his designee(s).

"Cumulative Loss" shall mean a sum of Daily Losses for the last consecutive five days. Upon occurrence of a Cumulative Loss Limit violation, Cumulative Loss calculation is reset and begins with the Daily Loss following the day on which the violation took place.

"Daily Loss" shall mean the loss in value of any Commodity Group (other than the Affiliate Position) on a daily basis, exclusive of originations and prudence. The Daily Loss will be calculated using the mark-to-market method on a net present value basis.

"Designated Enron Companies" shall mean Enron Corp. and such other Enron Companies as are designated for the specific relevant purpose under this Policy by the Enron Corp. Chief Risk Officer and the President of Enron Corp., acting jointly.

"Enron Business Unit(s)" shall mean Enron Corp. and any entity controlled, directly or indirectly, by Enron Corp., (including internal groups created for the purposes of trading, or aligned according to, the commodities as set out in Appendix III), or any entity directly or indirectly under common control of Enron Corp. For this purpose, the criteria for establishing "control" of any entity include but are not limited to, ownership of more than fifty percent (50%) of the voting power of such entity.

"Maturity/Gap Risk" shall mean the risks related to non-parallel changes of forward prices or interest rates. For purposes of this Policy, the Maturity/Gap Risk related to commodity Positions with forward prices shall be measured using a rolling total of the net open position per period, which may be modified based on the market structure of the underlying Position and pending authorization of the Chief Risk Officer of Enron Corp. (see Appendix I).

"Net Open Position" shall mean the aggregate of the open Positions in a Commodity Group on a Benchmark Position equivalent basis.

"Position" shall mean, collectively, the risk components (including, but not limited to, price risk, basis risk, index risk, credit risk and liquidity risk) of all commodities, financial instruments, securities, equities, financial assets or liabilities which have been authorized for trading in the Enron Corp. Risk Management Policy, any of the Enron Corp. Policies or approved for trading through any amendments to this Policy.

"Market Parameters" shall mean market spot and forward prices/curves, market spot and forward volatility, correlation (where appropriate), market interest rates, spot foreign exchange rates (where appropriate).

EC004402737



"Daily Position Report" shall mean hard or soft copy report including, but not limited to the following, for each major commodity and price curve traded, and for all positions regardless of financial accounting treatment:

1. The amounts by which the mark-to-market value of the portfolio can change for small (or unit) changes in all "market parameters", as a term structure (i.e. by time "bucket") and on a net aggregate basis.
2. For portfolios with option or non linear risks, the concentration of sensitivities (delta, gamma, vega) according to expiry date and strike price ("strike concentration").
3. The VaR for the portfolios, according to Enron's approved methodology.

"Potential Exposure" shall mean the potential change in value of a Position or Commodity Group resulting from changes in, but not limited to, market prices, interest rates, currency rates, counterparty credit condition, liquidity, funding and settlement risk.

"Transactions" shall mean, collectively, forwards, futures, swaps, options, any combination of these instruments and any other derivative or cash market instruments creating a Position.

"Value-at-Risk" shall mean the Potential Exposure related to a Commodity Group or Position calculated using the Enron Corp. adopted VaR methodology at the 95% confidence interval using a 1-day time horizon. Any recalibration or modification of the VaR methodology or parameters that take into account observed or anticipated changes in market factors or developments in VaR technologies must be approved by the Enron Corp. Chief Risk Officer or his designee(s).

ENRON CORP.
RISK MANAGEMENT POLICY
Proprietary and Confidential

Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk Limit	VaR Limit
TRADING PORTFOLIO				\$100 MM
Discretionary VaR				\$25 MM
North American Natural Gas	NYMEX Henry Hub Equivalents	300 Bcf	350 Bcf (Rolling 12-Month)	\$60 MM
Global Products	NYMEX WTI Equivalents	12.5 Mil Bbl	15 Mil Bbl (Rolling 12-Month)	\$8 MM
North American Electricity	Electricity Equivalents	90 Twh	25 Twh (Rolling 12-Month)	\$50 MM
Metals & Minerals	LME Copper Futures Equiv.	375,000 MT	600,000 MT (Rolling 12-Month)	\$8 MM
Coal & Freight	U.S. Eastern Coal Equivalents	15 MM MT	15 MM MT (Rolling 12-Month)	\$4 MM
Pulp & Paper	Pulpex NBSK (Pulp) Futures Equiv.	300,000 MT	300,000 MT (Rolling 12-Month)	\$3 MM
Weather Derivatives	Maximum USD Exposure	\$100 MM	N/A	\$3 MM
Emission Allowances	SO2 Credits	1,000,000 Credits	1,000,000 Credits (Rolling 12-Month)	\$3 MM
* European Natural Gas	UK NBP Gas Equivalents	60 Bcf	90 Bcf (Rolling 12-Month)	\$7.5 MM
* UK Electricity	UK Electricity Equivalents	35 Twh	15 Twh (Rolling 12-Month)	\$10 MM
Nordic Electricity	Nordic Electricity Equivalents	20 Twh	20 Twh (Rolling 12-Month)	\$5 MM
Continental Electricity	Continental Electricity Equivalents	20 Twh	20 Twh (Rolling 12-Month)	\$4 MM
Australian Electricity	Electricity Equivalents	3 Twh	6 Twh (Rolling 12-Month)	\$3 MM
Japanese Electricity	Japanese Electricity Equivalents	4 Twh	4 Twh (Rolling 12-Month)	\$4 MM
Southern Cone Natural Gas	Natural Gas Equivalents	35 Bcf	20 Bcf (Rolling 12-Month)	\$2 MM
Southern Cone Electricity	Electricity Equivalents	3.5 Twh	3.5 Twh (Rolling 12-Month)	\$5 MM
Financial Instruments				\$3 MM
Interest Rate	USD Notional Equivalent @ AA Libor	\$100,000 / bp	USD 50,000 / bp (<= 2 years)	\$3 MM (combined Interest Rate/FX)
Foreign Currency	USD Spot Rate Notional Equivalents	\$100 MM	N/A	
Equity Trading	Market Value in USD	\$100 MM	N/A	\$6 MM
Debt Trading	Market Value in USD	\$250 MM	N/A	\$2 MM
Enron Broadband Services	N/A	N/A	N/A	\$2 MM
Enron Energy Services	N/A	N/A	N/A	\$5 MM
MERCHANT PORTFOLIO	Market Value in USD	N/A	N/A	N/A
CAPITAL PORTFOLIO				\$10 MM
Enron Companies	Market Value in USD	\$300 MM	N/A	
Other	S&P Equivalents	\$200 MM	N/A	

* - See Temporary Limits – Appendix III

EC004402739

ENRON CORP.
RISK MANAGEMENT POLICY
Proprietary and Confidential

INTERIM POLICY LISTING:

Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk Limit	VaR Limit	Expiration Limit
Lumber	Board Feet	22 Mil Board Feet	22 Mil Board Feet	\$0.25 MM	11/01/00
Enron Credit	Maximum Exposure in USD	\$100 MM	N/A	\$1 MM	2/10/01
Colombia Electricity	Colombia Electricity Equivalents	0.5 Twh	0.75 Twh (Rolling 12-Month)	\$0.45 MM	11/01/00
Steel Trading	Hot Rolled Coil Steel Equivalents	100,000 MT	200,000 MT	\$1 MM	3/01/01
Advertising Swaps	Cost per Point (CPP) Equivalents	782 CPP	782 CPP	\$1 MM	12/01/00
Livestock Trading	Future Contract Equivalents	1,000 Contracts	1,000 Contracts	\$0.75 MM	10/01/00
Live Cattle Futures	(1 Contract = 40,000 lbs.)				
Lean Hogs Futures	(1 Contract = 40,000 lbs.)				
Feeder Cattle Futures	(1 Contract = 50,000 lbs.)				
Frozen Pork Bellies Futures	(1 Contract = 40,000 lbs.)				
Grain Trading	Future Contract Equivalents	1,000 Contracts	1,000 Contracts	\$0.5 MM	10/01/00
Corn Futures	(1 Contract = 5,000 bushels)				
Soybean Futures	(1 Contract = 5,000 bushels)				
Wheat Futures	(1 Contract = 5,000 bushels)				
Soft Commodities	Future Contract Equivalents	2,000 Contracts	2,000 Contracts	\$0.75 MM	10/01/00
Sugar Futures	(1 Contract = 112,000 lbs.)				
Coffee Futures	(1 Contract = 37,500 lbs.)				
Cocoa Futures	(1 Contract = 22,046 lbs. Or 10 MT)				

INTERIM POLICY REQUIREMENTS FOR NEW COMMODITY GROUP:

- Approval by the President and the Chief Risk Officer of Enron Corp.
- Reported to the Enron's Board at the next Board meeting
- Does not increase the applicable Portfolio limit (see Appendix I)
- Position and P&L become a part of the daily reporting requirements
- Monthly review with Senior Risk Manager and Chief Risk Officer of Enron Corp.
- Does not exceed limits in New Commodity Group Parameters, as listed below

New Commodity Group Parameters:

Maximum Net Open Positions:	10BCF Equivalents
Maximum Time/Product Spread Position:	20BCF Equivalents
Maximum Daily Loss Limit:	\$500,000
Maximum VaR	\$1MM
Maximum Term of Interim Policy	6 Months

EC004402740

ENRON CORP.
RISK MANAGEMENT POLICY
Proprietary and Confidential

TEMPORARY POLICY LISTING:

Commodity Group	Benchmark Position	Net Open Position Limit	Maturity / Gap Risk	Limit	VaR Limit	Expiration Date
DISCRETIONARY VaR					\$25 MM	
NA Cross Commodity Trading					\$5 MM	12/31/00
EUROPEAN NATURAL GAS	UK NBP Gas Equivalents	260 Bcf	90 Bcf (Rolling 12-Month)		\$7.5 MM	12/31/00
UK ELECTRICITY	UK Electricity Equivalents	85 Twh	15 Twh (Rolling 12-Month)		\$18 MM	12/31/00

DISCRETIONARY VaR – ALLOCATION POLICY:

Discretionary VaR: \$25 million

Discretionary VaR will be allocated under the following guidelines:

- Approval by the President and the Chief Risk Officer of Enron Corp.
- Reported to the Enron's Board of Directors at the next Board meeting
- Does not exceed VaR limits in the existing Commodity Groups by more than 100%
- Does not impact the respective Commodity Group position limits
- Loss Notification requirements will apply at the new Value-at-Risk level going forward
- Requestor must provide a justification/explanation for a limit increase
- Remains in effect for a period designated by the Chief Risk Officer

EC004402741

Agenda Item 5b

EC004402742

Transaction Approval Process

EC004402743



Summary of Policy Changes

- Invent*
 - Added \$20MM approval authority for Wholesale OOC
- OK 7/25*
 - Added \$25MM approval authority for CRO as delegated by the OOC
- Updated Region / Business Group Heads for recent reorganizations or changes in assignments

1/ RAC

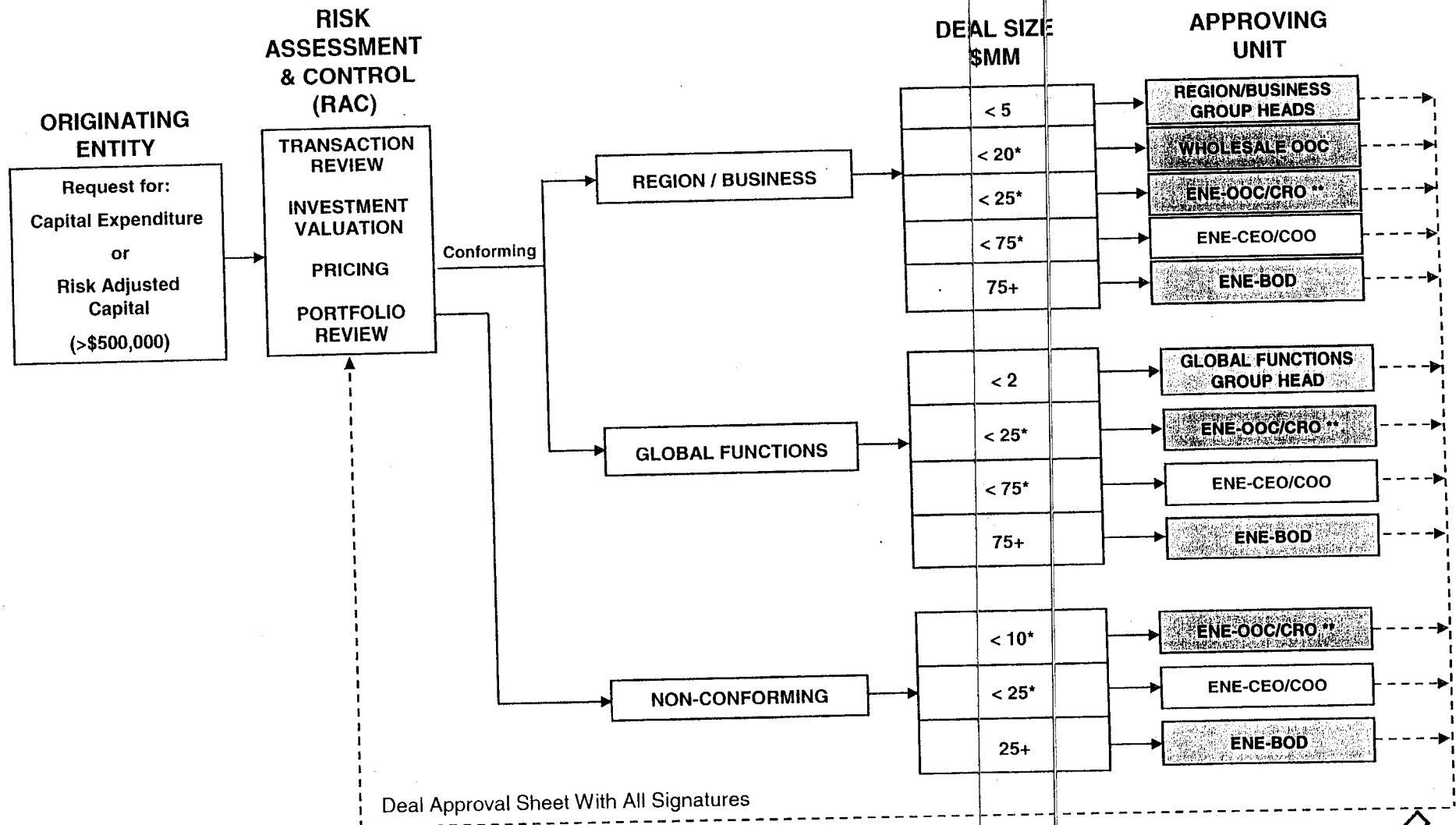
Waq. Belfo

Buy

EC004402744

Enron Corp. Transaction Approval Process

Revised 10-7-00



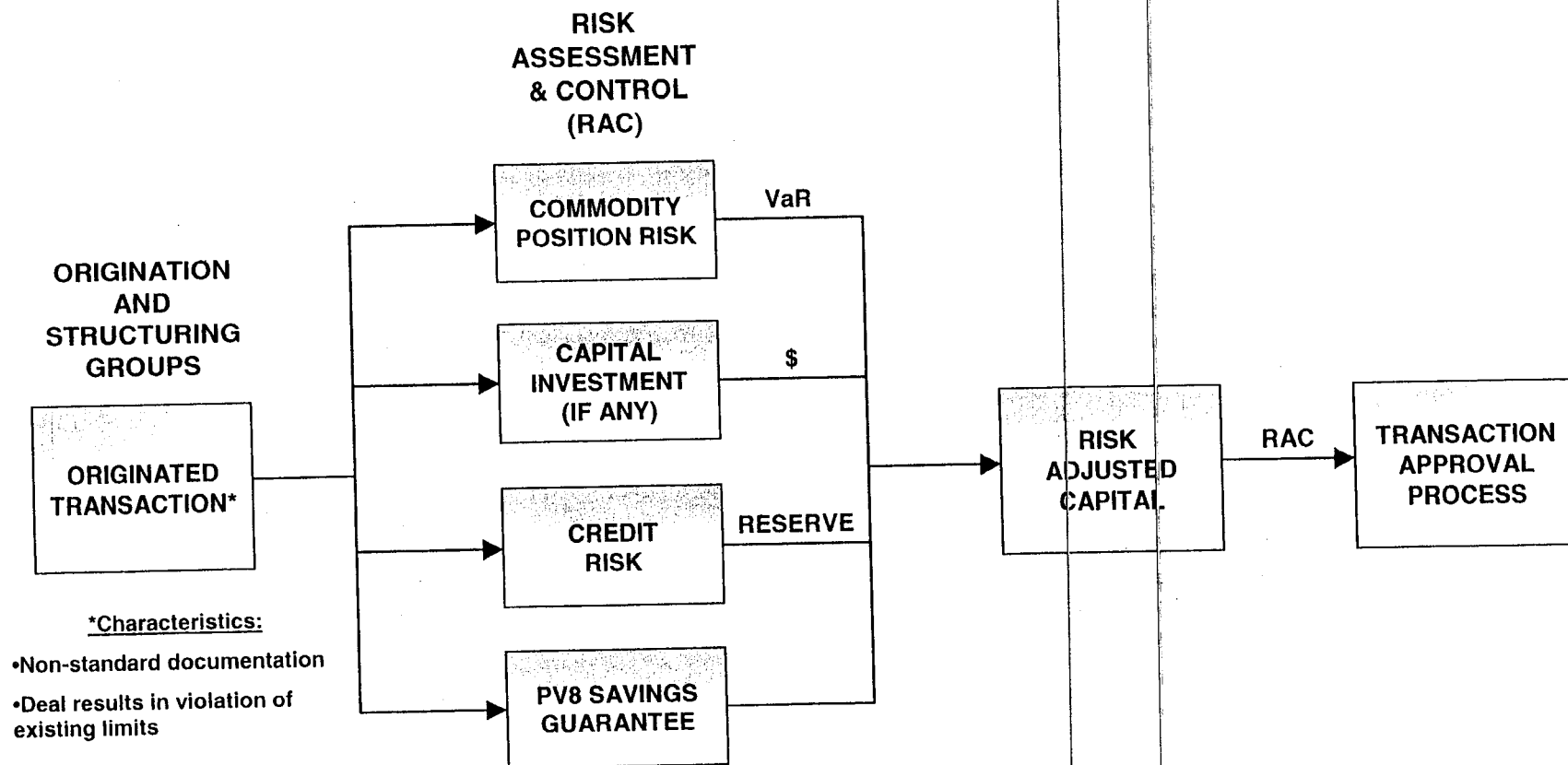
* Transaction Deal Approval Sheets will be distributed to the ENE-BOD (Finance Committee) after approval.

** As delegated by the ENE-OOC, the ENE-CRO has approval authority.



Approval Process for Originated Contractual Transactions

Revised 10-7-00



EC004402746



DEFINITIONS

Revised 10-7-00

REGION/BUSINESS GROUP HEADS	Jim Bannantine – South America Sanjay Bhatnagar – India Diomedes Christodoulou – South America Dave Delainey – North America Andy Fastow – EGF Kevin Hannon – EBS Stan Horton - GPG Mike McConnell – EGM	Rebecca McDonald – Asia/Africa Jeff McMahon – EIM Lou Pai – EES Ken Rice – EBS Jeff Sherrick – EGEP John Sherriff - Europe Greg Whalley – Enron Net Works Tom White – EES
GLOBAL FUNCTIONS GROUP HEAD	Larry Izzo – EE&CC	
WHOLESALE OOC	Chairman of Wholesale Operations Approval defined as Mark Frevert	
ENE-OOC	Enron Corp. Office of Chair Approval defined as Ken Lay, Jeff Skilling or Joe Sutton	
ENE-CRO	Enron Corp. Chief Risk Officer Approval defined as Rick Buy	
ENE-CEO or COO	Ken Lay or Jeff Skilling	
ENE-BOD	Enron Corp. Board of Directors Executive Committee between Board Meetings	
DEAL	Capital Expenditure Net to Enron Funding Vehicle exposure included in Enron exposure	
RAC	Risk Assessment and Control Group at Enron Chief Risk Officer, responsible for RAC activities	
Capital Expenditure	All major corporate commitments by Enron and any of its subsidiaries Acquisitions/Divestitures (<i>Merchant Asset Divestitures exceeding \$500 MM and Strategic Assets Divestitures exceeding \$200 MM require Board Approval</i>) Disposal of Assets Providing a guarantee of obligations of unaffiliated third parties Providing debt, subordinated debt, equity or partnership capital A commodity or financial position that results in an exposure outside of Board Approved Limits	
Risk Adjusted Capital	The aggregation of exposure in a transaction that results from commodity positions, credit and guaranties; such exposure translated to an equivalent amount of capital	
Conforming	Routine non-budgeted Capital Expenditure within the general business lines of Enron Capital Expenditure made in an industry where Enron has established expertise Capital Expenditure made in a country where Enron has established a local presence and is currently conducting business RAC Group will determine if Conforming	
Non-Conforming	Capital Expenditure outside the general business lines of Enron Capital Expenditure in an industry where Enron has little or no expertise Capital Expenditure made in a country where Enron has no local expertise Capital Expenditure made in a country where the overall exposure to the country is excessive Capital Expenditure made to an entity or within an industry that would result in excessive exposure to that entity or industry RAC Group will determine if Non-Conforming EREC (Enron Renewable Energy Corp.) transactions are deemed Non-Conforming	
Merchant Portfolio Limit	The sum of all Merchant transactions less any syndicated amounts The numerical limit is set forth in the most recent Enron Risk Management and Trading Policy	

EC004402747

Agenda Item 5(b)
TRANSACTION APPROVAL PROCESS
(Suggested Form of Resolutions)

WHEREAS, the Board of Directors of the Company approved resolutions on October 12, 1998 adopting the Enron Corp. Transaction Approval Process (the "Transaction Approval Process") which provides for (i) a process for review and approval of Capital Expenditures (as defined in the revised policy attached to these minutes) and (ii) a process for prior transactions involving Capital Expenditures to be reviewed for performance and results; and

WHEREAS, the Board of Directors of the Company approved amendments to the Transaction Approval Process at meetings held on February 8, 1999, August 10, 1999, February 7th and 8th, 2000 and May 2, 2000;

WHEREAS, it would be in the best interest of the Company to amend the definitional provisions of the Transaction Approval Process in order to reflect the recent changes in assignments and reorganization of Enron Corp. into regional business units and global functions and to reflect amendments to both Approving Units and approval limits with respect to Deal Size;

NOW THEREFORE BE IT RESOLVED, that the Company revise the Transaction Approval Process to that attached to these minutes and as set forth in these resolutions;

RESOLVED FURTHER, that the revised Transaction Approval Process is adopted and approved, that a copy of the revised policy be attached to the minutes as Exhibit A, and that the persons, officers and Approving Units identified therein shall perform the responsibilities as specified; for the purposes of this policy a certification by the President, the Chief Financial Officer, the Treasurer, the Chief Risk Officer (or his or her designee), or any Senior Vice President to the effect that this policy has been complied with in connection with any transaction involving Capital Expenditures shall be conclusive evidence of compliance and may be relied upon by all persons interested in or participating in such transaction, including (without limitation) the officers signing transactional documents on behalf of the Company and attorneys issuing legal opinions with respect to the transaction;

RESOLVED FURTHER, that the revised Transaction Approval Process shall not apply to the approval process for guarantees *except* as to those guaranteeing the obligations of unaffiliated third parties. The approval process for all other guarantees shall continue as described in the Company's existing "Policy for Approval of Guarantees, Letters of Credit, Letters of Indemnity, and Other Support Arrangements", and shall be reviewed by the Finance Group and the Risk Assessment and Control Group;

RESOLVED FURTHER, that the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Vice Chairman, the Executive Vice President and Chief Risk Officer, the Executive Vice President and Chief Financial Officer, the Vice President, Finance and Treasurer, any Vice President of the Company, or any other person authorized by the Board to act on behalf of the Company be, and each of them hereby is, authorized and empowered to negotiate, enter into, execute, and deliver on behalf of the Company any agreements and documentation in connection with any transaction involving Capital Expenditures which has been approved in accordance with the revised Transaction Approval Process and as the officers executing such agreements shall approve, such approval to be conclusively evidenced by such execution; and

RESOLVED FURTHER, that all actions heretofore taken by the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer, the Vice Chairman, the Executive Vice President and Chief Risk Officer, the Executive Vice President and Chief Financial Officer, the Vice President, Finance and Treasurer or any Vice President, in the name and on behalf of the Company, related to or in connection with transactions of the type contemplated by the new review process attached to these minutes but which originated prior to these resolutions, including, without limitation, the execution and delivery of any instruments or other documents as any such officer shall have deemed necessary, proper, or advisable, are hereby adopted, ratified, confirmed, and approved in all respects.

Agenda Item 5c

EC004402750

AGENDA ITEM NO. 5c
EQUITY DERIVATIVES AUTHORIZATION

WHEREAS, the Company desires to enter into and has entered into equity derivative transactions from time to time relating to the Common Stock of the Company, including, but not limited to swap transactions, forward sales and/or purchases, and options (the "ENE Equity Derivatives Transactions"), which are or may be in addition to obligations or contingent obligations to issue shares of Common Stock of the Company relating to project financings; and

NOW, THEREFORE, IT IS RESOLVED, that the Company be, and it hereby is, authorized to enter into ENE Equity Derivative Transactions from time to time, subject to the limitations contained in these resolutions, and on such terms as are approved by the Chairman of the Board, the President, the Vice Chairman, any Vice President, any Managing Director, the Chief Financial Officer, the Treasurer, or any Deputy Treasurer of the Company (each an "Authorized Officer") and that such transactions heretofore entered into on behalf of the Company are ratified and approved;

RESOLVED FURTHER, that the Company is authorized and directed to execute and deliver any agreements evidencing or relating to ENE Equity Derivative Transaction(s) and to observe and perform in full all of the obligations, conditions, covenants, and other terms set forth in or contemplated by any agreements relating thereto as the same may be amended from time to time;

RESOLVED FURTHER, that each Authorized Officer be, and each such officer hereby is, authorized in the name and on behalf of the Company to take or cause to be taken such action as such officer may deem necessary or desirable in connection with the performance by the Company of its obligations under any agreement, document, or instrument contemplated by these resolutions to which the Company is or will become a party;

Meyer Biber

80

*No new authorization
just clean up*

EC004402751

Alison



Finance Committee Meeting

RESOLVED FURTHER, that each Authorized Officer be, and each of them hereby is, authorized in the name and on behalf of the Company, under its corporate seal or otherwise, to negotiate, execute, deliver, amend, perform, and consummate such agreements, instruments, or documents, however designated, as such officer may deem necessary or desirable to carry out the purpose and intent of the resolutions herein, in such form(s) as shall be approved by the officer executing the same, such approval to be conclusively evidenced by the execution thereof by such officer;

RESOLVED FURTHER, that the maximum number of shares of Company Common Stock for which ENE Equity Derivatives Transactions are written and outstanding at any time shall not exceed 50 million shares;

RESOLVED FURTHER, that up to an aggregate of 20 million shares of Company Common Stock are hereby authorized to be issued pursuant to ENE Equity Derivatives Transactions and up to an aggregate of 20 million shares of Company Common Stock are hereby authorized to be reacquired pursuant to ENE Equity Derivatives Transactions;

RESOLVED FURTHER, that an aggregate of 20 million shares of Company Common Stock are hereby reserved for issuance in settlement of any or all of the ENE Equity Derivatives Transactions referred to above in the event the Company elects to make settlement in shares of Company Common Stock;

RESOLVED FURTHER, that the Company is authorized to issue such shares of Common Stock of the Company in settlement of ENE Equity Derivatives Transactions, as deemed appropriate, and to offer and sell any such shares delivered in settlement of any ENE Equity Derivatives Transaction and that upon any such issuance in accordance with the terms of the subject ENE Equity Derivatives Transaction, such shares of Common Stock shall be validly issued, fully paid and non-assessable;

RESOLVED FURTHER, that if registration of shares of the Company's Common Stock is appropriate in connection with any ENE Equity Derivative Transaction, the officers of the

EC004402752



Finance Committee Meeting

Company be, and they hereby are, authorized and directed, for and in the name and on behalf of the Company, to cause to be prepared, executed, and filed with the Securities and Exchange Commission (the "Commission") one or more Registration Statements and/or post-effective amendments to previously filed Registration Statements, including exhibits thereto (collectively, the "Registration Statement"), and such amendments and post-effective amendments to any Registration Statement or supplements to the Prospectuses constituting a part thereof, relating to the registration under the Securities Act of 1933 of the Common Stock of the Company relating to the ENE Equity Derivative Transaction(s) whenever same are appropriate; and the proper officers of the Company are hereby authorized and directed to cause such Registration Statement to be executed and filed in such form as the officers executing such Registration Statement shall approve, such approval to be conclusively evidenced by such execution;

RESOLVED FURTHER, that the officers of the Company be, and they hereby are, authorized and directed to file such amendments or supplements to the Registration Statement(s) referred to above, and to take any or all other action or to do or cause to be done any or all other things as may appear to them to be necessary or advisable in order to cause such Registration Statement(s), as amended, to become effective and otherwise to effect the registration under the Securities Act of 1933 of the appropriate amount of Common Stock of the Company relating to an ENE Equity Derivative Transaction which are covered by such Registration Statement;

RESOLVED FURTHER, that if it is deemed necessary or advisable by the officers of the Company that the Common Stock issuable upon settlement of an ENE Equity Derivative Transaction be qualified or registered for sale under the applicable Blue Sky Laws or securities acts of any jurisdiction, or that a filing be made in any jurisdiction to secure or obtain an exemption from qualification or registration, the officers of the Company are each authorized to perform on behalf of the Company any and all such acts as any one or more of them may deem necessary or advisable in order to comply with such laws of such jurisdiction, and in connection therewith, to

EC004402753



Finance Committee Meeting

execute and file all requisite papers and instruments and to make any and all payments of filing, registration or other fees, costs and expenses, and to take any and all further action in connection with the foregoing which any one or more of them shall deem necessary or advisable;

RESOLVED FURTHER, that if the officers of the Company determine that it is desirable for the Company to do so, the Company may make application to the New York Stock Exchange, Inc. and one or more other national securities exchanges for listing of the Company Common Stock to be issued in connection with the ENE Equity Derivatives Transactions; that the Chairman of the Board, the Vice Chairman of the Board, the President, any Executive or Senior Vice President, any Vice President, the Treasurer or any Deputy Treasurer of the Company be, and they hereby are, authorized and directed to execute and deliver any applications, documents, or agreements, to take any and all actions, to appear before such exchanges if necessary, to appoint any banking or other institution as an agent of the Company for any purpose, and to do so or cause to be done any and all things as may appear to them to be necessary or desirable in order to effect such listing;

RESOLVED FURTHER, that the execution by any officer of the Company of any papers and instruments or the performance by any one or more of them of any act in connection with the foregoing resolutions shall conclusively establish their authority therefore from the Company and the approval and ratification by the Company of the papers and instruments so executed and the actions so taken;

RESOLVED FURTHER, that the actions of the officers and employees of the Company acting under the supervision of the officers heretofore taken on behalf of the Company in connection with the above resolutions and the actions contemplated thereby, are, in all respects, confirmed and ratified, and the officers of the Company, together or individually, may take any and all action and do any and all things, or direct the taking of such action or the doing of such things by employees of the Company acting under the supervision of the officer(s) as may be deemed by any of them to be necessary or advisable to effectuate the ENE

EC004402754



Finance Committee Meeting

Equity Derivatives Transactions, and the taking of any and all such actions and the performance of any and all such things in connection with the foregoing shall conclusively establish their authority from the Company and the approval and ratification by the Company; and

RESOLVED FURTHER, that the proper officers of the Company and its counsel be, and each of them hereby is, authorized, empowered, and directed (any one of them acting alone) to take any and all such further action, to amend, execute, and deliver all such further instruments and documents, for and in the name and on behalf of the Company, under its corporate seal or otherwise, and to pay all such expenses as in their discretion appear to be necessary, proper, or advisable to carry into effect the purposes and intentions of this and each of the foregoing resolutions.

EC004402755



Finance Committee Meeting

Agenda Item 6

EC004402756

Other Business

EC004402757



Finance Committee Meeting

Adjourn

EC004402758

